October 1, 2015

XOMA Announces Development and Commercialization Agreement for First-in-Class Anti-TGF-beta Antibody Program in Immuno-Oncology

- $37.0 million upfront payment
- $13.5 million loan maturity date extended to September 2020
- Potential milestone payments of up to $480.0 million
- Royalties tiered from mid-single digits to low double digits

BERKELEY, Calif., Oct. 1, 2015 (GLOBE NEWSWIRE) -- XOMA Corporation (Nasdaq:XOMA), a leader in the discovery and development of therapeutic antibodies, announced today it has exclusively licensed the global development and commercialization rights to its anti-transforming growth factor-beta (TGFb) antibody program to Novartis. Under the terms of the agreement, XOMA will receive $37.0 million in the form of an upfront payment and is eligible to receive up to $480.0 million if all development, regulatory, and commercial milestones are met. In addition, XOMA is eligible to receive royalties on product sales that range from the mid-single digits to the low double digits. In connection with this license agreement, Novartis has agreed to extend the maturity date on the approximately $13.5 million of outstanding debt under the secured note agreement, which bears interest at the six-month LIBOR plus 2% (currently 2.53%), to September 30, 2020. XOMA has also agreed to reduce the royalty rate to XOMA associated with Novartis' clinical stage anti-CD40 antibodies.

"XOMA and Novartis have worked closely together for several years to develop new product candidates. When they expressed interest in our anti-TGFb program, we knew Novartis was the best company to bring this exciting potential therapy to the patients whom it may help," stated John Varian, Chief Executive Officer of XOMA. "Novartis is recognized as a leader in oncology, where an anti-TGFb molecule has real potential either as monotherapy or in combination with other therapeutic options.

"We had said we did not plan to raise equity capital at our recent stock price in order to fund the development of our very exciting endocrine portfolio. With this non-dilutive liquidity of essentially $50.5 million, we currently project this capital, in combination with our planned cost savings measures, will fund operations into 2017. We remain on track to begin our XOMA 358 Phase 2 clinical program this fall and fully anticipate we will have the data from these studies during that timeframe," concluded Mr. Varian.

About TGF-beta

Transforming growth factor-beta (TGFb) is a potent immune suppressive cytokine that is involved in many cellular processes, including inhibition of cell growth and immune suppression. While TGFb is essential for normal tissue homeostasis, elevated levels of TGFb may drive the progression of numerous diseases, including advanced metastatic cancer and fibrosis.

Three isoforms of TGFb exist in humans: TGFb1, 2 and 3. TGFb1 is overexpressed in many cancers and is believed to increase the likelihood of metastasis. Inhibiting TGFb1 and 2 while sparing TGFb3 may reduce tumor-protecting regulatory T cells, while allowing for the development of cytotoxic immune responses enhanced by TGFb3, improving the therapeutic index of TGFb inhibitors. Given the role of the TGFb pathway in cancer, it has become an attractive target for cancer drug development.

About XOMA 089

Discovering the TGFb antibody program was made possible because of XOMA's proprietary antibody discovery technology platform. XOMA 089 is a fully human, high-affinity, late preclinical monoclonal antibody that neutralizes TGFb1 and 2 while sparing TGFb3. Data have shown this compound to be both active against tumor growth in preclinical models of head and neck cancer as well as breast cancer and breast cancer metastasis. Preclinical data also suggest that it may be synergistic with PD1 inhibition and work highlighting these results was recently presented at the 2015 FASEB meeting on the TGFb Superfamily: Signaling in Development and Disease. XOMA has made significant progress regarding this lead compound on both the understanding of its activity, mechanism of action, as well as preclinical toxicology and manufacturing. Other antibodies included in this license agreement inhibit TGFb1, which may be a more appropriate approach to certain indications. These antibodies have potential in immuno-oncology either as a monotherapy and may be particularly amenable to combination therapies, especially with immune checkpoint inhibitors.

About XOMA Corporation

XOMA Corporation is a leader in the discovery and development of therapeutic antibodies. The Company's innovative product candidates result from the Company's expertise in developing ground-breaking monoclonal antibodies, including allosteric antibodies, which have created new opportunities to potentially treat a wide range of human diseases. XOMA's scientific research has produced a portfolio of six endocrine assets, each of which has the opportunity to address multiple indications. The Company's lead product candidate, XOMA 358, is an allosteric monoclonal antibody that reduces both the binding of insulin to its receptor and down-regulates insulin signaling, which could have a major effect on the treatment of hyperinsulinism. For more information, visit www.xoma.com.

Forward-Looking Statements

Certain statements contained in this press release including, but not limited to, statements related to therapeutic potential of our product candidates, anticipated timing of clinical trials, anticipated timing of the release of clinical data, the anticipated process of clinical data analysis, the anticipated receipt by XOMA of royalty or milestone payments, cost savings and anticipated cost savings and capital reserves and cost saving activities or statements 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, and 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. Potential risks to XOMA meeting these expectations 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. Any forward-looking statement in this press release represents XOMA's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. XOMA disclaims any obligation to update any forward-looking statement, except as required by applicable law.

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