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XOMA Announces License Agreement With Novo Nordisk for XMetA Program in Diabetes

- Novo Nordisk acquires exclusive global rights to XMetA program for the treatment of diabetes
- XOMA retains commercialization rights for rare disease indications
- $5.0 million upfront payment
- Agreement includes up to $290.0 million in additional potential milestone payments
- XOMA is entitled to tiered royalties

BERKELEY, Calif., Dec. 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 XMetA program of allosteric monoclonal antibodies that up-regulate the insulin receptor to Novo Nordisk A/S. Under the terms of the agreement, XOMA retains commercialization rights for rare disease indications. Novo Nordisk has an option to add these additional rights in rare diseases to its license. XOMA will receive $5.0 million in the form of an upfront payment, and the agreement includes up to $290.0 million in additional potential development, regulatory and commercial milestones (excluding potential option payments). In addition, XOMA is eligible to receive tiered royalties on product sales.

"Novo Nordisk is recognized globally as the leader in the development of therapies to treat diabetes mellitus. It has the expertise to further develop these first-in-class insulin receptor activators, which were discovered by XOMA's scientists," said Jim Neal, Senior Vice President and Chief Operating Officer at XOMA. "Our corporate strategy is to develop novel therapeutics for endocrine diseases, particularly those that are considered rare, and we were able to structure the agreement with Novo Nordisk to retain commercialization rights of the XMetA program for rare indications."

"XOMA's scientists probed the insulin receptor in order to identify a novel way of treating type 2 diabetes mellitus. Their work resulted in the XMetA program, a series of novel, fully human, high affinity, allosteric monoclonal antibodies that are partial agonists of the insulin receptor. Over the past few years, we have made significant progress in understanding the pharmacology of the compounds in this program," stated Paul Rubin, M.D., Senior Vice President, Research and Development and Chief Medical Officer at XOMA. "In vitro data have shown the lead compound in the XMetA program mimics insulin's glucose regulatory functions, but none of its mitogenic actions. Most recently, weekly subcutaneous treatment with the lead molecule in the XMetA program in a clinically relevant animal model of diabetes resulted in robust decreases in hyperglycemia without hypoglycemia and weight gain, along

with a significant absolute reduction in HbA1c of 1.2 percent. These findings have been peer-reviewed and were published online in the *Journal of Pharmacology and Experimental Therapeutics* in November 2015. They provide greater confidence in the development potential of XMetA as a first-in-class pharmacotherapy with broad utility in type 2 diabetes."

About the XMetA Program

Conventional monoclonal antibodies bind at the ligand-receptor binding site to provide either complete activation or inhibition. However, many receptors also have sites, termed allosteric sites, binding to which modulates the ligand-receptor interaction. XOMA developed proprietary methods for identifying allosteric modulating monoclonal antibodies using its ModulX™ technology platform and focuses part of its research effort toward the discovery of these types of antibodies. The compounds in the XMet programs, which include the licensed XMetA antibodies and XOMA's 129 and 358, are fully human, high-affinity, allosteric monoclonal antibodies that selectively modulate the insulin receptor (INSR).

XMetA antibodies bind with high affinity to the INSR and have glucoregulatory activity, as well as reduce hypoglycemia and weight gain in preclinical models of diabetes. The antibodies are partial INSR agonists as they do not upregulate INSR activity to the same extent as insulin. Structurally unrelated to insulin, XMetA antibodies bind the INSR at a different site than insulin and do not significantly interfere with insulin binding.

About Novo Nordisk

Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care. This heritage has given it experience and capabilities that also enable it to help people defeat other serious chronic conditions: hemophilia, growth disorders and obesity. Headquartered in Denmark, Novo Nordisk employs approximately 40,300 people in 75 countries and markets its products in more than 180 countries. Novo Nordisk's B shares are listed on Nasdaq Copenhagen (Novo-B). Its ADRs are listed on the New York Stock Exchange (NVO). For more information, visit www.novonordisk.com.

About XOMA Corporation

XOMA Corporation is a leader in the discovery and development of therapeutic antibodies. The Company's innovative product candidates result from its 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 insulin receptor activity, which could have a major impact on the treatment of hyperinsulinism. The Company recently initiated Phase 2 development activities for XOMA 358 in patients with congenital hyperinsulinism. Additionally, XOMA is developing gevokizumab (IL-1 beta modulating antibody) in an ongoing Phase 3 program enrolling patients with pyoderma gangrenosum, a rare ulcerative skin condition. 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, including the XMetA program, anticipated progress and timing of clinical trials, the anticipated receipt by XOMA of royalty or milestone payments, 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-Q 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.

CONTACT: XOMA Contacts:
Company and Investor Contacts:
Ashleigh Barreto
510-204-7482
barreto@xoma.com

Juliane Snowden
The Oratorium Group, LLC
jsnowden@oratoriumgroup.com

Media Contact:
Ryan Flinn, W2O Group
415-946-1059
rflinn@w2ogroup.com

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