February 18, 2017

IgG4-Related Disease Biomarker Development Update Presented From an Ongoing, Open-label, Phase 2 Study of XmAb®5871 in IgG4-RD at the 3rd International Symposium on IgG4-Related Diseases & Fibrosis

MONROVIA, Calif., Feb. 18, 2017 /PRNewswire/ -- Xencor, Inc. (NASDAQ: XNCR), a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies for the treatment of autoimmune diseases, asthma and allergic diseases and cancer, today announced that investigators John H. Stone, M.D., Ph.D. from the Massachusetts General Hospital, and Xin Kai, Ph.D. from the Ragon Institute will present the characterization of biomarker assays from Xencor's ongoing, open-label, phase 2 study of XmAb®5871 in IgG4-Related Disease (IgG4-RD) at the 3rd International Symposium on IgG4-Related Diseases & Fibrosis, February 18, 2017 at 9:30 a.m. HST (11:30 a.m. PT). The presentation is titled "XmAb5871: Mechanistic Considerations."

The investigators will present preliminary flow cytometry data characterizing circulating immune cell levels in the initial patients enrolled in the study. Xencor is studying biomarkers in this trial to create tools to improve monitoring of the disease and understanding of its molecular basis.

Flow cytometry methods were presented for measuring circulating B cells, plasmablasts and CD4-positive T cells. A partial reduction in B cells was observed and was consistent with previous clinical experience with XmAb5871 presented at American College of Rheumatology 2015 Annual Meeting. A rapid reduction of circulating plasmablasts was seen following XmAb5871 treatment. Initial development of methods to monitor CD4+ T cells was also presented. No significant apoptosis of B cells or CD4 T cells was induced by XmAb5871 therapy.

"We are exploring a number of biomarkers to better understand the pathology of IgG4-RD, a newly defined disorder," said Paul Foster, M.D., chief medical officer of Xencor. "We are continuing these efforts to support our advancing development program for XmAb5871."

XmAb®5871

XmAb®5871 is a first-in-class monoclonal antibody that targets CD19 with its variable domain and that uses Xencor's XmAb immune inhibitor Fc domain to target FcγRIIb, a receptor that inhibits B-cell function. XmAb5871 is the first drug candidate that Xencor is aware of that targets FcγRIIb inhibition. Xencor has demonstrated in multiple animal models and in initial human clinical trials that XmAb5871 inhibits B-cell function without destroying these important immune cells, and demonstrated promising treatment effect in patients with rheumatoid arthritis, as well as ex vivo results showing inhibition of SLE patient B-cell activation and humoral immunity.

Complete data results from a Phase 1b/2a study of XmAb5871 in patients with rheumatoid arthritis were presented at the American College of Rheumatology 2015 Annual Meeting as well as at the EULAR 2015 Annual Meeting. Ex vivo studies of SLE patient B cells were published in Journal of Immunology, 2011, 186(7):4223.

About IgG4-Related Disease

IgG4-Related Disease (IgG4-RD) is a rare fibro-inflammatory autoimmune disorder that we estimate impacts up to 40,000 patients in the United States. IgG4-RD affects multiple organ systems and is characterized by a distinct microscopic appearance of diseased organs, including the presence of IgG4-positive plasmablast cells that is required for diagnosis. This objective diagnostic criterion is atypical for autoimmune diseases and offers advantages for accurately identifying patients. There are currently no approved therapies for this newly recognized disorder and corticosteroids are the current standard of care. John H. Stone, M.D, MPH, director, clinical rheumatology at Massachusetts General Hospital has developed and is validating the IgG4-RD Responder Index, a proposed instrument to assess disease activity.

About Xencor, Inc.

Xencor is a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies for the treatment of autoimmune diseases, asthma and allergic diseases and cancer. Currently, 10 candidates engineered with Xencor's XmAb® technology are in clinical development internally and with partners. Xencor's internal programs include: XmAb5871 in Phase 2 development for the treatment of IgG4-Related Disease, and also for the treatment of Systemic Lupus Erythematosus; XmAb7195 in Phase 1 development for the treatment of asthma and allergic diseases; XmAb14045 in Phase 1 development for acute myeloid leukemia; and XmAb13676 for B-cell malignancies and XmAb18087 for the treatment of neuroendocrine tumors, both in pre-clinical development. Xencor's XmAb antibody engineering technology enables small changes to the

structure of monoclonal antibodies resulting in new mechanisms of therapeutic action. Xencor partners include Novartis, Amgen, MorphoSys, Merck, CSL/Janssen, Alexion, Novo Nordisk and Boehringer Ingelheim. For more information, please visit www.xencor.com.