



Phase 2 Trial of XOMA 052 to be Initiated in Type 1 Diabetes Patients

BERKELEY, Calif., Nov 4, 2009 (GlobeNewswire via COMTEX News Network) -- XOMA Ltd. (Nasdaq:XOMA), a leader in the discovery and development of therapeutic antibodies, today announced plans to initiate an investigator sponsored Phase 2 clinical trial of XOMA 052, its antibody to interleukin-1 beta (IL-1 beta), in Type 1 diabetes patients. The trial will be sponsored by the Juvenile Diabetes Research Foundation International (JDRF), the largest patient advocacy organization of Type 1 diabetes research worldwide. The trial sponsor is Dr. Marc Donath, Professor of Endocrinology and Diabetes at the University Hospital of Zurich, pioneer in anti-inflammatory approaches to diabetes treatment, and a principal investigator in the Phase 1 studies of XOMA 052. XOMA will provide XOMA 052 drug product for the trial.

The study is designed to evaluate the effect of anti-inflammatory treatment in Type 1 diabetes patients after the initial period of autoimmune activity that results in the loss of blood sugar level control, attempting to prevent the complete loss of beta cells. It follows an initial study indicating that anti-IL-1 drugs may have positive benefit for patients with Type 1 diabetes. The randomized, placebo-controlled study in 24 patients with well-controlled Type 1 diabetes who have had the disease for at least two years will measure the effects of treatment with XOMA 052 over six months on beta cell function and insulin production. The safety, tolerability, and pharmacokinetics of XOMA 052 will also be assessed.

"The evaluation of our general anti-inflammatory drug candidate, XOMA 052, in multiple diseases continues to expand. We are pleased that Dr. Donath plans to initiate a study in Type 1 diabetes with JDRF support. In parallel, XOMA continues to focus on conducting studies of XOMA 052 in patients with Type 2 diabetes and cardiovascular disease," said Steven B. Engle, XOMA's Chairman and Chief Executive Officer. "If successful, this study would be the first showing the impact of reducing inflammation in Type 1 diabetes patients with disease duration of two years or more. It would provide additional evidence of the benefit anti-inflammatory therapy that could lead to the improvement in the lives of many patients."

According to the JDRF, as many as 3 million Americans may have Type 1 diabetes, an autoimmune disease that strikes children and adults suddenly and can be fatal. In Type 1 diabetes, the patient's own immune system destroys the patient's beta cells in their pancreas that normally control blood sugar level. Patients with Type 1 diabetes have to test their blood sugar and give themselves insulin injections multiple times each day, or use a pump every day for the rest of their lives. And even with intensive care, insulin is not a cure for diabetes, nor does it completely prevent its eventual and devastating complications, which may include kidney failure, blindness, heart disease, stroke, and amputation.

IL-1 beta has been demonstrated to be involved in the destruction of pancreatic beta cells in patients with Type 1 diabetes(1) as well as Type 2 disease(2). In Type 1 diabetes, immune cells that target a patient's pancreatic beta cells initiate the damage, which results in an increase in blood glucose levels. The higher blood glucose levels stimulate the production of the pro-inflammatory cytokine IL-1 beta which, in turn, feeds back on the pancreatic beta cells, reducing their insulin-production efficiency and eventually leading to cell death. XOMA 052 is an antibody that binds to IL-1 beta and interferes with the activation of the IL-1 receptor, thereby reducing cellular signaling events that produce pathological levels of inflammation.

"Several clinical studies are ongoing with anti-IL-1 and immune modulating agents in patients at the early stages of Type 1 diabetes, with the objective of preserving beta cell mass," said Dr. Donath. "This trial will test the novel hypothesis that inhibiting the activity of IL-1 beta may prevent ongoing beta cell death at later stages of disease, when most beta cells have been destroyed, and allow beta cell regeneration to prevail and repopulate the pancreas. I am very excited about the potential for an anti-inflammatory treatment for our patients with Type 1 diabetes."

"A key part of JDRF's research is aimed at stopping or reversing the immune system response that causes diabetes: the attack on insulin-secreting cells in the pancreas," said Patricia Kilian, Ph.D., Director of Regeneration at JDRF. "This attack must be stopped so that any therapies involving replacing or regenerating insulin-producing cells can work long-term. We are hopeful that this study will further advance this promising line of research to the benefit of Type 1 diabetes patients."

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 IL-1 beta, a pro-inflammatory cytokine involved in the development of Type 2 diabetes, cardiovascular disease, rheumatoid arthritis, gout and other diseases. 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 052 has a half-life of 22 days. Based on its binding properties, specificity to IL-1 beta and half-life, XOMA 052 may provide convenient

dosing of once per month or less frequently.

Earlier this year, XOMA completed successful Phase 1 trials of XOMA 052 in Type 2 diabetes patients. The company initiated its Phase 2 program in Type 2 diabetes and cardiovascular disease this quarter.

XOMA developed XOMA 052 using the company's proprietary antibody technologies, capabilities and expertise. XOMA owns worldwide rights to the antibody and related intellectual property. The company is actively pursuing a partnership for the development and commercialization of XOMA 052.

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 development for Type 2 diabetes and cardiovascular disease, with potential for the treatment of a wide range of inflammatory diseases
- * 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 Institutes of Allergy and Infectious Diseases of the National Institutes of Health
- * A preclinical pipeline with candidates in development for inflammatory, autoimmune, infectious and oncological diseases.

In addition to its proprietary pipeline, XOMA develops products with premier pharmaceutical companies including Novartis AG, Schering-Plough Research Institute and Takeda Pharmaceutical Company Limited.

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 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 200 employees at its Berkeley, California location. For more information, please visit <http://www.xoma.com>.

The XOMA Ltd. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5960>

References

(1) Bendtzen K, Mandrup-Poulsen T, Nerup J, Nielsen JH, Dinarello CA, Svenson M: Cytotoxicity of human pl 7 interleukin-1 for pancreatic islets of Langerhans. Science 232:1545-1547,1986

(2) Larsen C, Faulenback M, Volund A, Ehses J, Seifert B, Mandrup-Poulsen T, Donath M: Interleukin-1-receptor antagonist in type 2 diabetes mellitus. NEJM 356;15: 24-33, 2007

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.

This news release was distributed by GlobeNewswire, www.globenewswire.com

SOURCE: XOMA Ltd.

CONTACT: XOMA Ltd.

Company and Investor Contact:

Carol DeGuzman

510-204-7270

deguzman@xoma.com

Porter Novelli Life Sciences

Media Contact:

Carolyn Hawley

619-849-5375

chawley@pnlifesciences.com

(C) Copyright 2009 GlobeNewswire, Inc. All rights reserved.

News Provided by COMTEX