



CORPORATE PRESENTATION

AUGUST 2018

WITH OVER 35 YEARS OF DISCOVERY ACTIVITY, XOMA CURRENTLY HAS OVER THREE DOZEN PARTNERED AND FULLY-FUNDED ASSETS WITH THE POTENTIAL TO DRIVE MILESTONE AND ROYALTY PAYMENTS, ALONG WITH MULTIPLE ADDITIONAL PROGRAMS READY FOR OUT-LICENSING



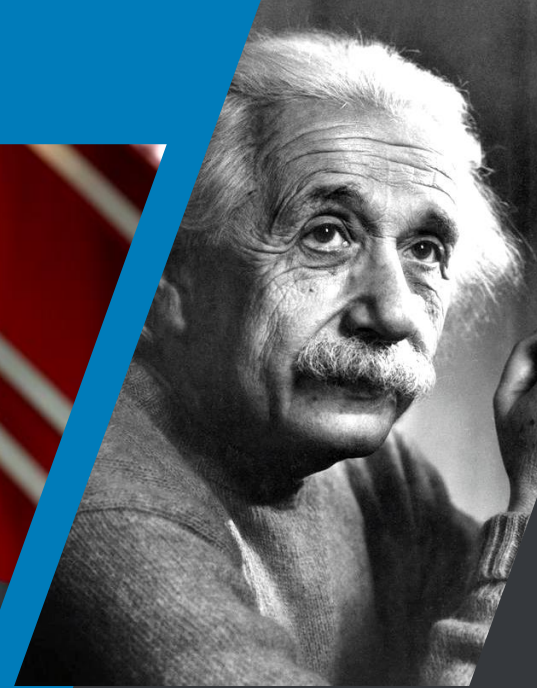
FORWARD-LOOKING STATEMENTS

Certain statements in this presentation 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, including statements regarding: future monetization opportunities, active transactions with significant financial implications, collaborations poised for significant financial contribution, our library of value-generating assets, future potential for milestone and royalty payments, the potential of our unique antibody discovery engine, potential licensing of compounds in our endocrine asset pipeline, the prospects for our XOMA 213 asset for treatment of prolactinemia, the ability of our partners and their licensees to successfully develop their pipeline programs, the productivity of acquired assets that may not fulfill our revenue forecasts, upcoming internal milestones and value catalysts, our future cash needs, our strategy for value creation, and other statements that relate to future periods. 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 statements represent XOMA's views only as of the date of this presentation 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 law.

WHAT DO THESE TWO GENIUSES HAVE IN COMMON?

(and why is
XOMA talking
about them?)



WARREN BUFFET'S MODEL

PRE-1970:

BUY AT A
SIGNIFICANT
DISCOUNT TO
INTRINSIC VALUE

POST-1970:

BUY COMPANIES
AT A PRICE NEAR
INTRINSIC VALUE,
THAT CAN
CONSISTENTLY
INCREASE THEIR
VALUE

BUY & BUILD

Buy good companies
with good management
teams who know how to
grow their business

BUY & HOLD

The principle of
compound interest

XOMA'S MODEL: BUILD & HOLD AND BUY & HOLD

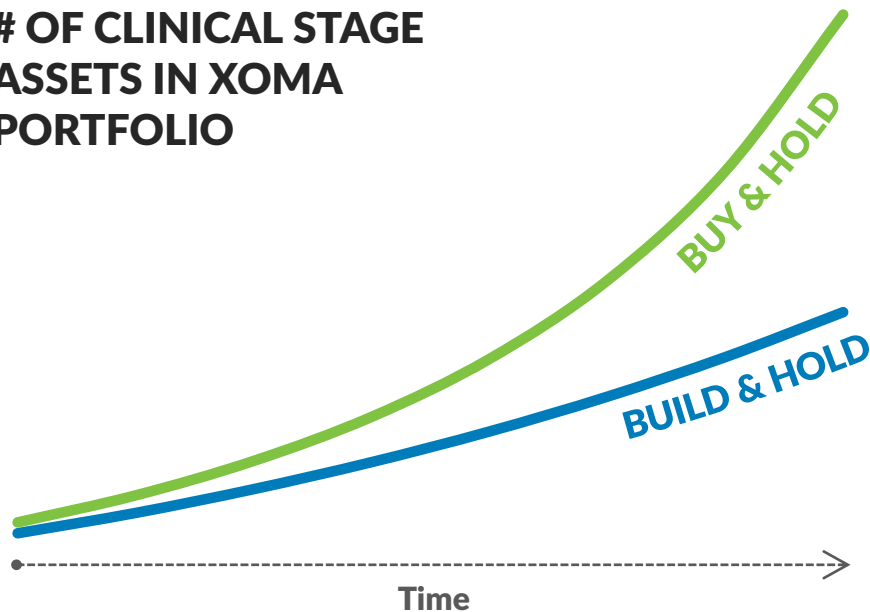
BUILD & HOLD

Allow **current portfolio** of assets to advance, fully-funded by Partners; hold royalty payment rights

BUY & HOLD

Acquire royalty rights to **additional** fully-funded assets

OF CLINICAL STAGE ASSETS IN XOMA PORTFOLIO



XOMA'S MODEL



BUILD & HOLD

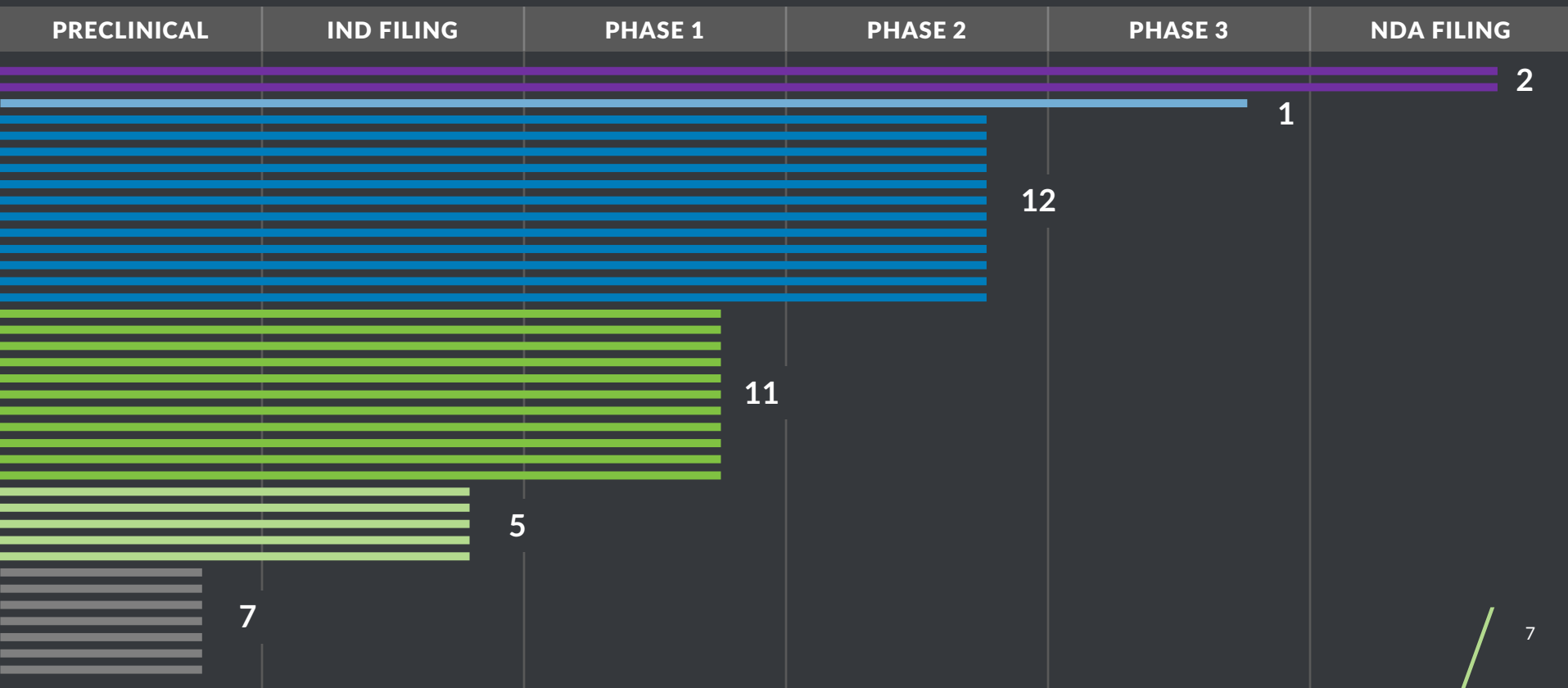
ALLOW CURRENT PORTFOLIO OF ASSETS TO ADVANCE, FULLY-FUNDED BY PARTNERS; HOLD ROYALTY PAYMENT RIGHTS



BUY & HOLD

ACQUIRE ROYALTY RIGHTS TO ADDITIONAL FULLY-FUNDED ASSETS

38 PARTNERED ASSETS



THESE 38 POTENTIAL ROYALTY ASSETS ARE IN THE HANDS OF 20 CAPABLE PARTNERS

21

Assets with
Large-cap
Partners

1

Assets with
Mid-cap
Partners

9

Assets with
Small/Micro-
cap Partners

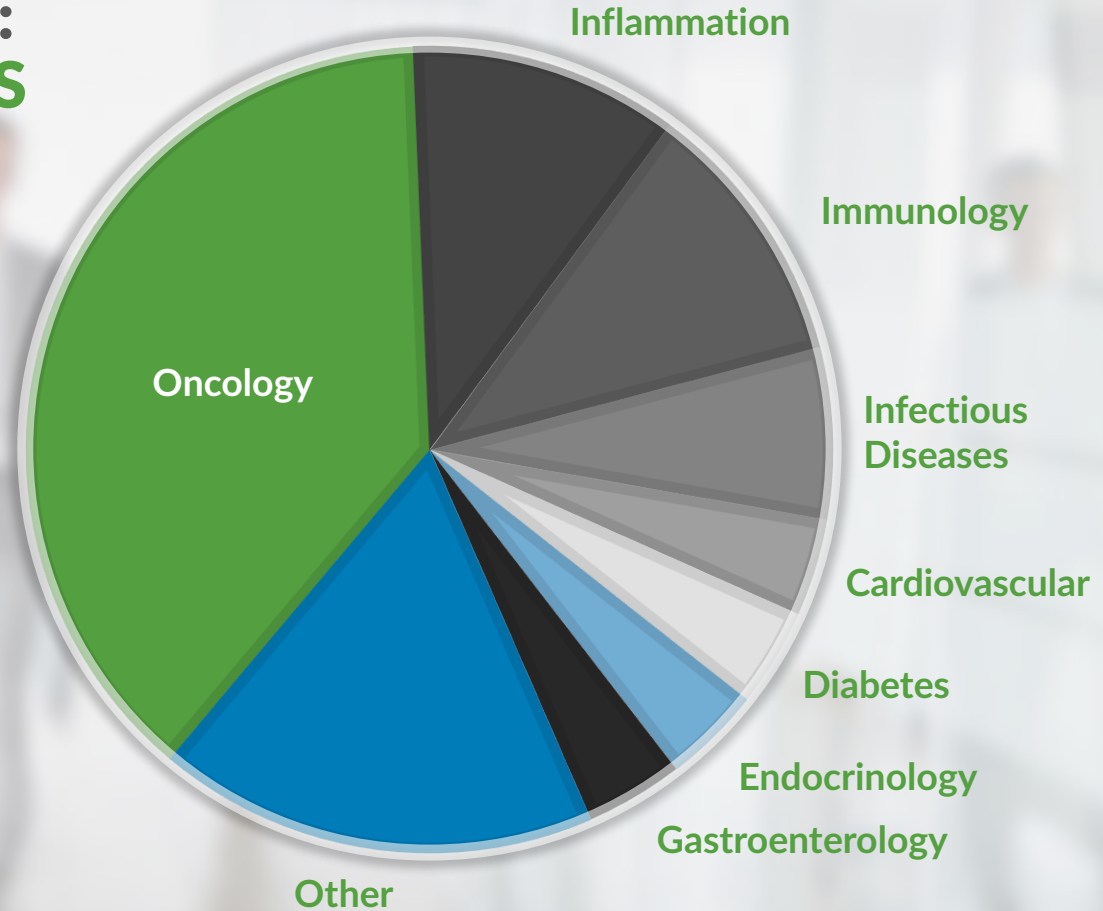
7

Assets with
Private
Partners

**Total Future Development
Expense by XOMA:**

\$0

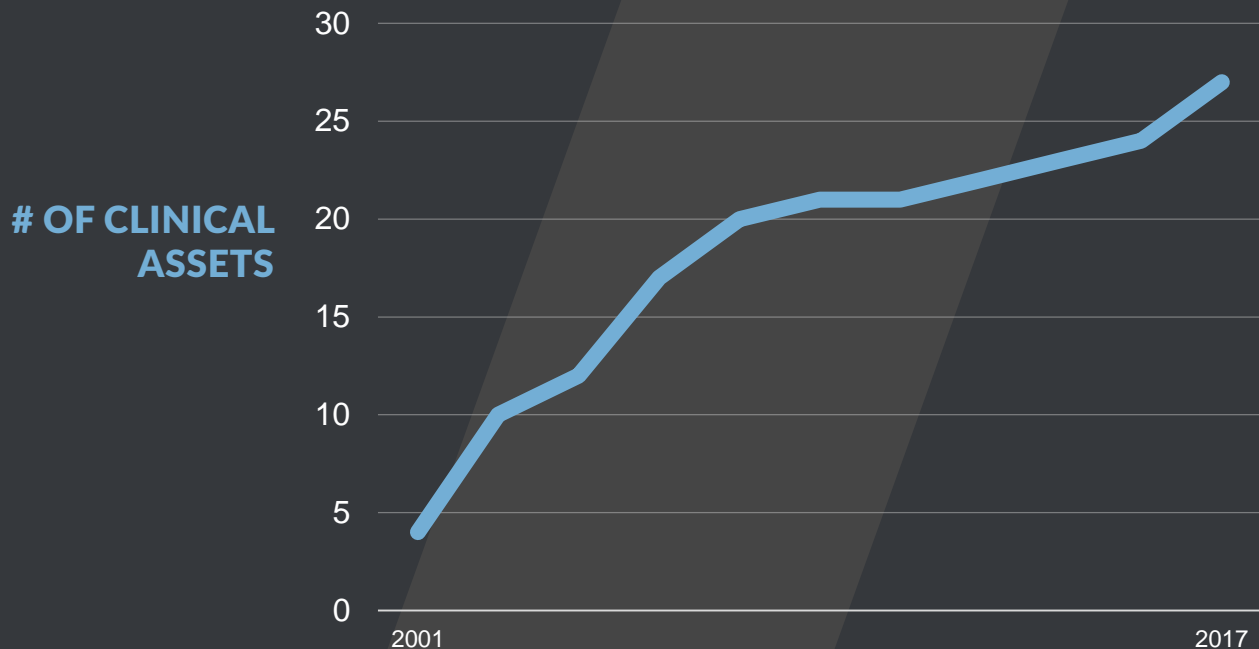
DIVERSIFICATION: 38 ASSETS ACROSS 9+ THERAPEUTIC CATEGORIES



PUBLICLY DISCLOSED DEAL TERMS

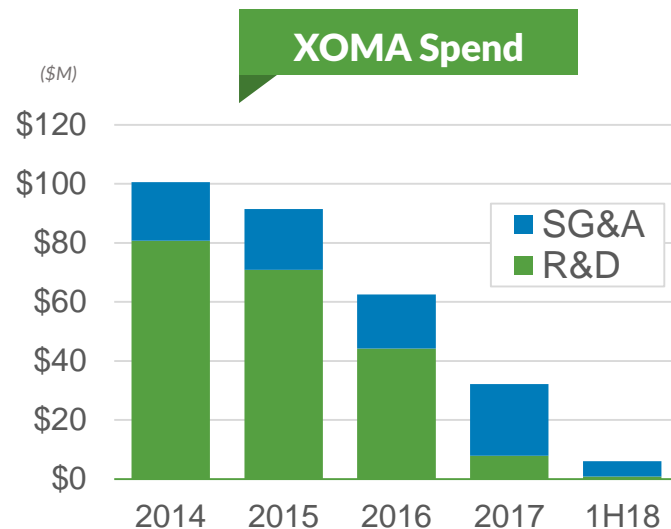
YEAR	COMPANY	ASSET	UPFRONT	MILESTONE VALUE	ROYALTY %
2005	Novartis	Anti-CD40	\$16.2M (+\$7.5M debt reduction)	\$14M	High single-digit – lower mid-teen
2009	Takeda	Phage display & Ab technologies	Undisclosed	\$230M	Undisclosed
2015	Novartis	Anti-TGFβ	\$37.5M	\$480M	Mid singles – low double
2016	Ology Bioservices	Anti-botulinum program		Undisclosed	15%
2017	Novartis	IL-1β IP license for canakinumab in CV	\$31M		Low single, to mid-single (under certain conditions)
2017	Novartis	Gevokizumab IL-1β	\$5M (XOMA stock) €12M debt repayment	\$438M	High singles – mid double
2017	Rezolute	XOMA 358	\$5M (Rezolute stock)	\$232M	High singles – mid teens
2017	Tizona, Lake	Phage display		Undisclosed	Single-digit

OF XOMA PARTNERED CLINICAL STAGE ASSETS HAS GROWN AT 13.5% COMPOUNDED SINCE 2001



BUILD & HOLD ELEMENT REQUIRES 2 THINGS

1. **PATIENCE** TO PROVIDE TIME FOR UNDERLYING DRUG ASSETS TO ADVANCE THROUGH THE LONG YEARS OF DISCOVERY, DEVELOPMENT AND APPROVAL
2. A **LEAN INFRASTRUCTURE** TO MINIMIZE COSTS



XOMA'S MODEL



BUILD & HOLD

ALLOW CURRENT PORTFOLIO OF ASSETS TO ADVANCE, FULLY-FUNDED BY PARTNERS;
HOLD ROYALTY PAYMENT RIGHTS



BUY & HOLD

ACQUIRE ROYALTY RIGHTS TO
ADDITIONAL FULLY-FUNDED ASSETS

XOMA'S MODEL IS DESIGNED FOR OUR INDUSTRY



Biotech
Industry
Characteristics

LONG
PRODUCT
LIFE CYCLES

Build & hold for
long-term

Buy & hold for
long-term

HIGH
CAPITAL
REQUIREMENTS

Development
costs borne
by partners

LOW
PROBABILITY
OF SUCCESS

Diversified portfolio increases
probability of success

38 assets

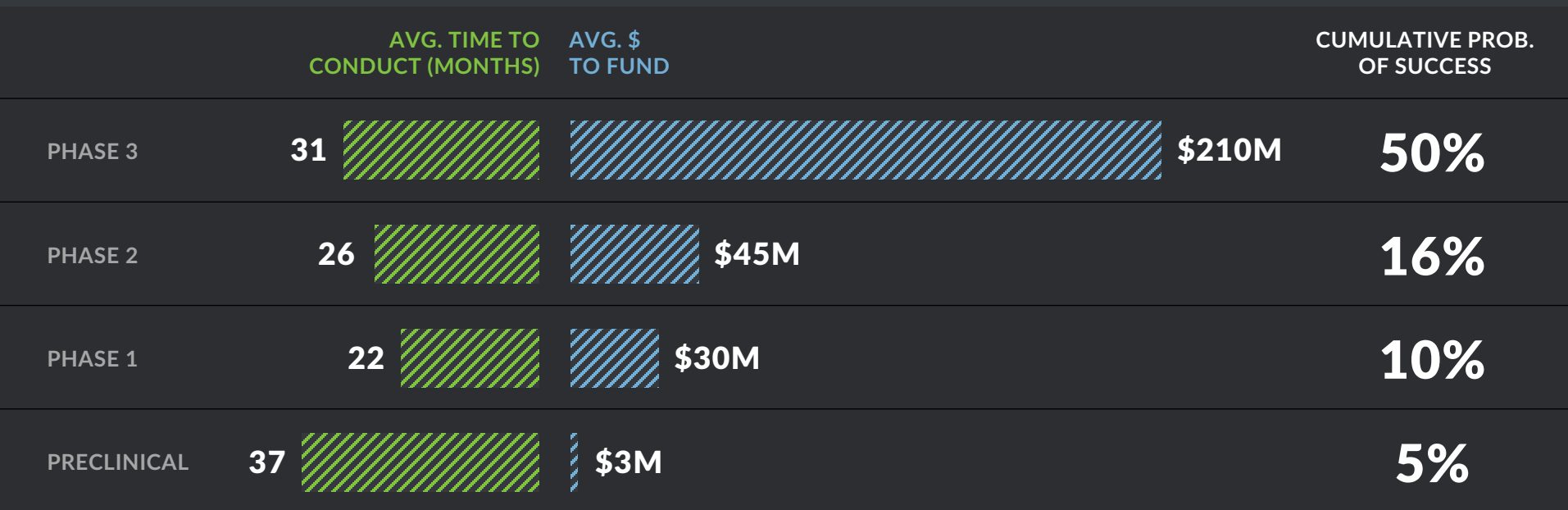
Multiple therapeutic areas

All stages of
development

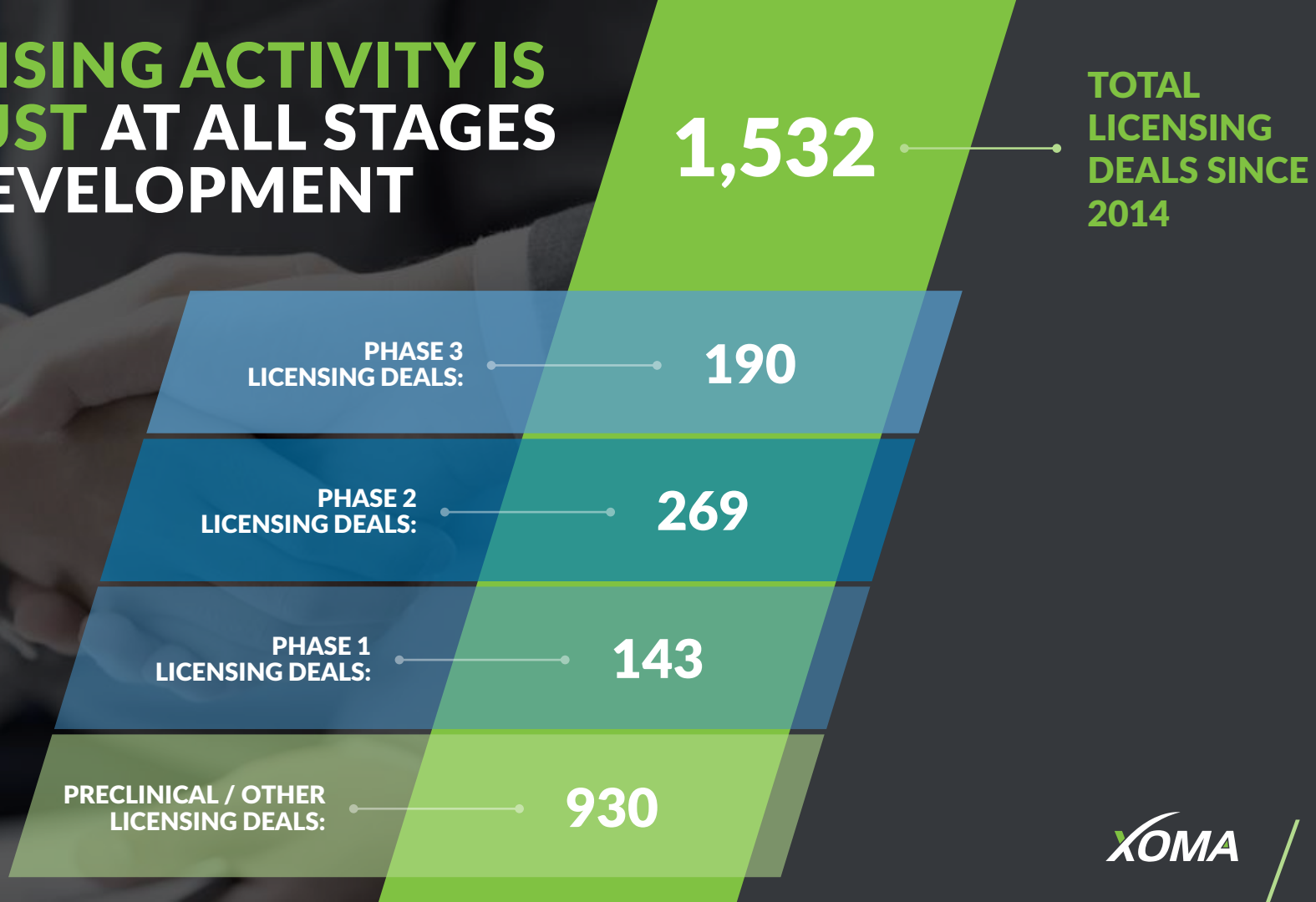
XOMA
Royalty
Aggregator
Strategy



DRUG DEVELOPMENT TAKES A LONG TIME AND IS CAPITAL INTENSIVE



LICENSING ACTIVITY IS ROBUST AT ALL STAGES OF DEVELOPMENT



TOTAL LICENSING DEALS SINCE 2014

1,532

PHASE 3 LICENSING DEALS:

190

PHASE 2 LICENSING DEALS:

269

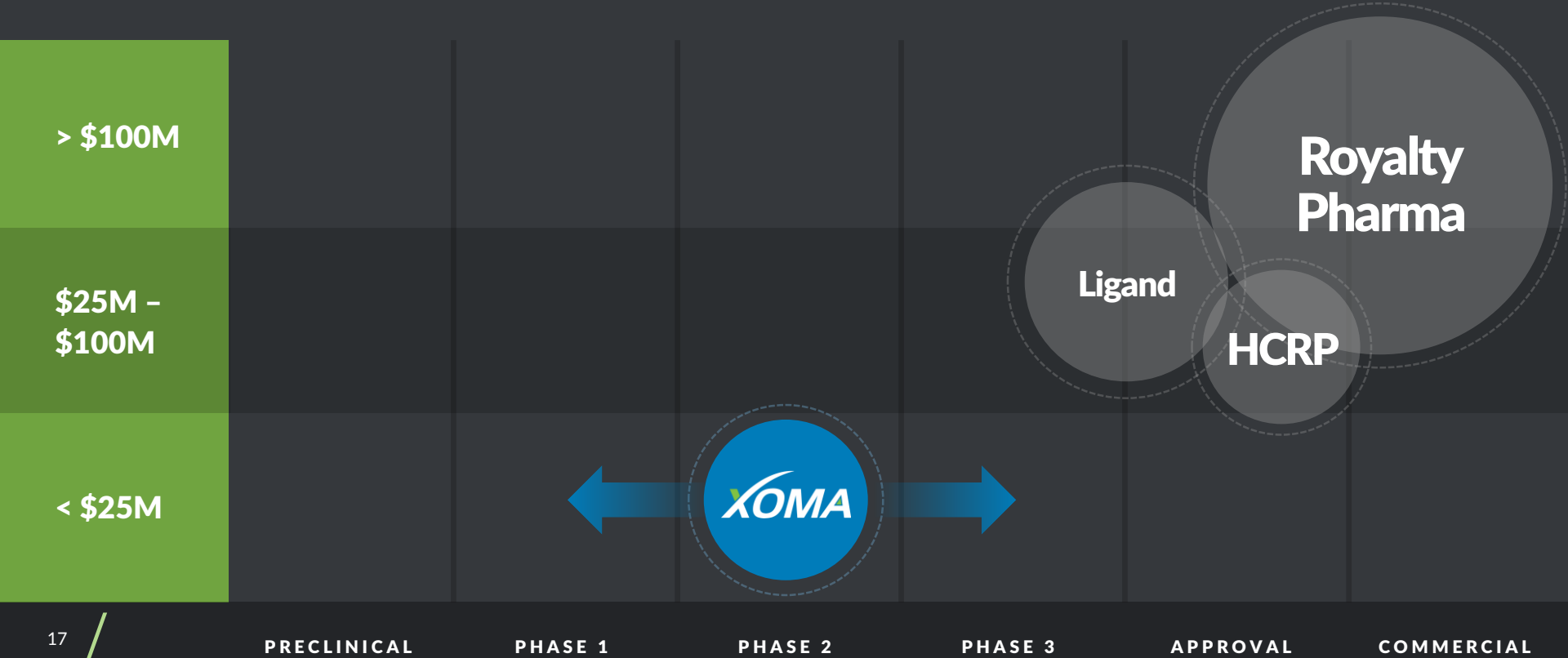
PHASE 1 LICENSING DEALS:

143

PRECLINICAL / OTHER LICENSING DEALS:

930

XOMA IS UNIQUELY POSITIONED TO MONETIZE ROYALTIES ON **EARLY TO MID-CLINICAL STAGE ASSETS**



KEY ATTRIBUTES OF XOMA TARGET ASSETS

R_x

PRE-COMMERCIAL THERAPEUTIC ASSETS

Phase 1, 2, or 3

31

LONG DURATION OF MARKET EXCLUSIVITY

Patent expiration or regulatory exclusivity



HIGH REVENUE POTENTIAL

High unmet need or clear clinical benefit over alternatives



STRONG DEVELOPER/MARKETER

Assets partnered with high-quality pharma/
biopharma companies

EXAMPLES OF OPPORTUNITIES XOMA WILL TARGET

BIOTECH 'X'


Seeks non-dilutive funding to take an additional program into clinical development to diversify risk



BIOTECH 'Y'

Seeks funding to hold lead program to participate in next value inflection point

XOMA'S MODEL IS **DISTINCTIVE**

	Typical Small/ Mid-Cap Biotech	
PORTFOLIO SIZE	1 - 3 assets	38 assets
PORTFOLIO FOCUS	Narrow	Diversified
PROBABILITY OF APPROVAL	Low	High
RISK : RETURN	High : High	Low : Mid / High
CAPITAL	User	Provider

WHAT TO EXPECT FROM XOMA **COMPOUND GROWTH IMPACT**

BUILD & HOLD

**Allow current portfolio
to continue to advance
in hands of partners**

BUY & HOLD

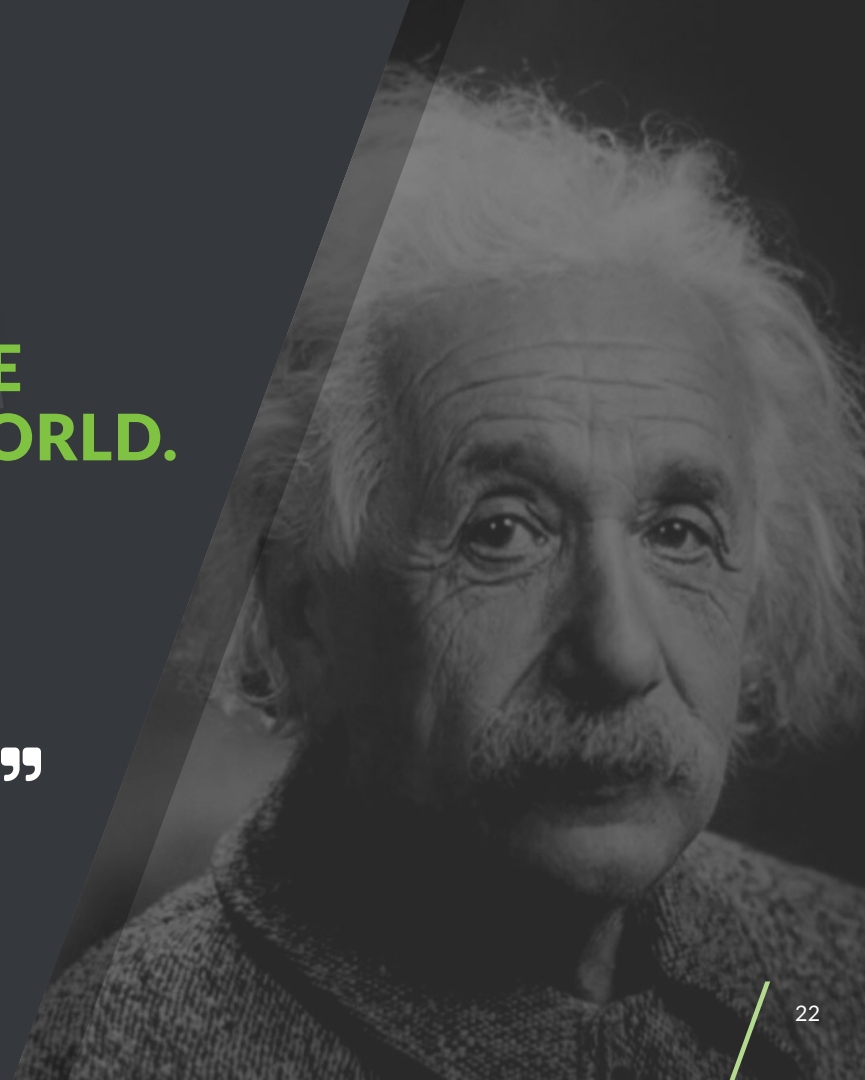
**Expand portfolio of royalty
rights through acquisition
of new potential royalty streams**

**“COMPOUND INTEREST IS THE
EIGHTH WONDER OF THE WORLD.**

**HE WHO UNDERSTANDS
IT ... EARNS IT.**

HE WHO DOESN'T ... PAYS IT.”

- Albert Einstein



XOMA'S MODEL: BUILD & HOLD AND BUY & HOLD

BUILD & HOLD

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OF CLINICAL STAGE ASSETS IN XOMA PORTFOLIO

