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Forward-Looking Statements

- Statements made in this presentation relating to future financial performance or results, the timing of regulatory filings, the timing and results of clinical trials and other aspects of product development and collaborative and other strategic relationships, the regulatory process and approvals, collaboration and licensing opportunities and plans for sales and marketing, 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 which may not prove accurate. Actual results could materially differ from those anticipated, due to certain risks inherent in the biotechnology industry, as well as for companies engaged in the development of new products in a regulated market.
- These risks, including those related to the success of the sales and marketing efforts for our products, the size and timing of expenditures, whether there are unanticipated expenditures and whether funds are available on acceptable terms; safety or efficacy of the products being tested; design and progress of clinical trials; additional time requirements in connection with regulatory filings for data analysis, preparation, discussions with the FDA, additional clinical studies or manufacturing modifications; action, inaction or delays by the FDA, European regulators and/or their advisory bodies; analysis and interpretation by, or submission to, these entities of pre-clinical testing and others of scientific data; results of; changes in the status of the Company's collaborative and other relationships; the ability of partners to meet their obligations; availability of collaboration and licensing opportunities; success of competitors; market demand for products; uncertainties regarding biotechnology patents; uncertainties as to the costs of protecting intellectual property; and risks associated with XOMA's status as a Bermuda company are discussed in the Company's most recent report on Form 10-K and in other SEC filings.
- Such risks should be considered carefully in evaluating XOMA's prospects.
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XOMA, Ltd. has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents XOMA has filed with the SEC for more complete information about XOMA and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, XOMA or the information agent will arrange to send you the prospectus if you request it by calling toll-free 1-888-867-6963.

NASDAQ: XOMA

XOMA
“Right Place, Right Time, By Design”

- **Premier Therapeutic Antibody Discovery and Development Company**
- **Managing Development and Financial Risks, Effectively Utilizing Assets**
- **Marketed Product plus Diverse, Growing Pipeline**

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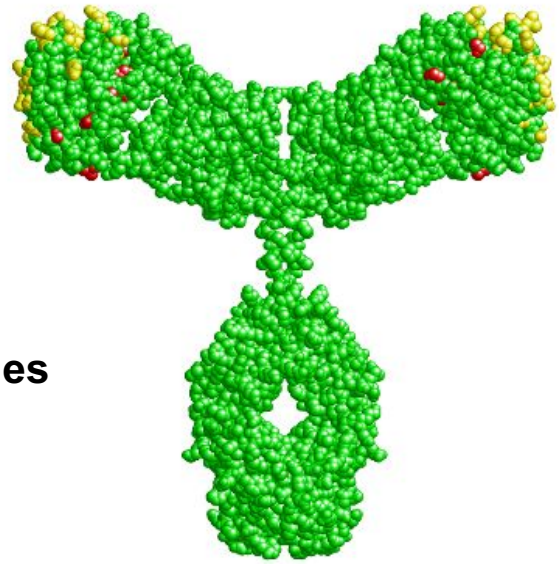
Antibody Technologies

Comprehensive Antibody Platform for Discovery, Optimization and Manufacturing

- **Multiple Antibody Phage Display Libraries**
- **Proprietary Human Engineering ™ Technology**
- **Bacterial Cell Expression**

XOMA Human Engineering™ Technology

- Clinically Validated
- 100% Success Rate To Date
  - 25 mAbs Human Engineered™
  - 6 Different Targets
- Structural Approach
- Applicable to mAbs from any Species
- Issued IP



Reduce Immunogenicity of Non-human mAbs

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Therapeutic Antibody Development

Fully Integrated Development Infrastructure

- **Functional Biology**
- **Pharmacology (Efficacy, MOA)**
- **Toxicology (IND-enabling safety)**
- **Cell Line and Process Development**
- **Clinical & Regulatory**
- **Pilot Plant and GMP Manufacturing**

XOMA's Integrated Development and Manufacturing Capability

15,000 sq ft Pilot Plant

GMP Manufacturing Plant

Process Development

- Cell Line Development
- Cell Banking
- Pilot Plant Production
- Assay Development
- Formulation Development

Manufacturing

- cGMP Production
- Scale to 2750 L - 3 Trains
- Grams to Kilograms

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XOMA Strategy

Recognized Leader in Technology and Capabilities

Leverage Technologies and Capabilities

Manage Development and Financial Risks

Benefits from Collaborations

- **Bring More Product Candidates into XOMA's Pipeline**
  - **Utilize Complementary Capabilities from XOMA and Partners**

CHIRON XOMA

- Chiron provides validated antibody targets and leads for oncology products
- Goal: 1 IND each year

LEXICON XOMA

- Lexicon provides validated antibody targets
- Goal: Minimum of 3 products in 3 years

- **Manage Financial Risk**
  - **Share Development Cost**
  - **Utilize XOMA Infrastructure**
  - **Provide Other Financial Resources**
  - **Maintain Flexibility (e.g. Profit-Share or Royalty)**

XOMA Pipeline Highlights

Marketed Product			
RAPTIVA®	Plaque Psoriasis		Genentech
Clinical-Stage Candidates			
RAPTIVA®	Atopic Dermatitis		Genentech
CHIR-12.12	CLL/MM		Chiron
rBPI$_{21}$ / NEUPREX®	POHS, Burns, BMT		Proprietary
Early-Stage Programs			
XMA005.2	Immunology		Proprietary
Multiple Candidates	Oncology		Chiron
Metabolic mAb	Type II Diabetes, Obesity		Lexicon Genetics
Anti-Gastrin mAb	GI Cancers		Aphton
Technology Licenses			
CIMZIA™	Rheumatoid Arthritis / Crohn's Disease		UCB
Lucentis™	Wet AMD		Genentech
Bacterial Cell Expression	Approximately 40 Licensees		Merck, Wyeth, Others

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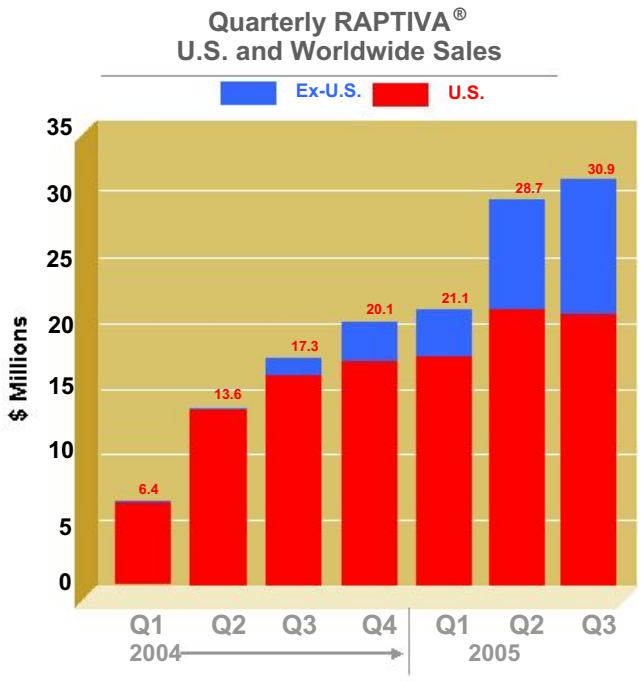
RAPTIVA® - Marketed Product

- Genentech and Serono
- Large Markets with Unmet Need
  - Moderate-to-Severe Plaque Psoriasis
    - Large Safety and Efficacy Database
    - Increasing Worldwide Sales
  - Atopic Dermatitis Trial



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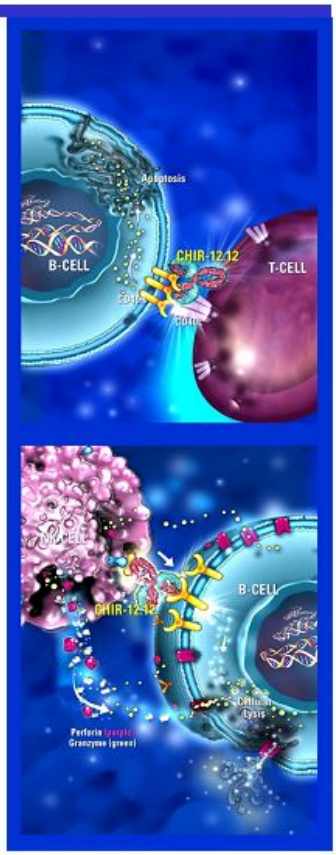
CHIR 12.12 Anti-CD40 MAb

- Phase I Testing in CLL and MM Underway
- B-cell Lymphoma/Leukemia Indications
- Anti-CD40 mAb
  - High Affinity, Fully Human
- Dual Mechanism of Action
  - Blocks CD40-CD40L-mediated Cancer Growth
  - Recruits Immune Cells to Kill Tumors (ADCC)
- No Agonist or Stimulatory Activity
- Improved Efficacy Compared with Rituxan®



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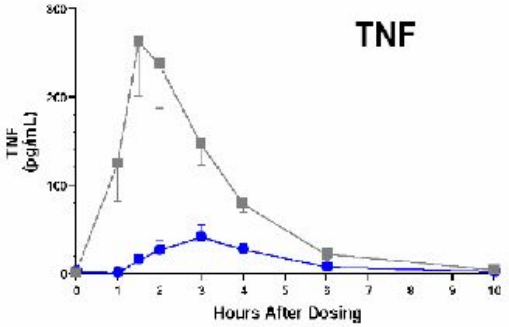
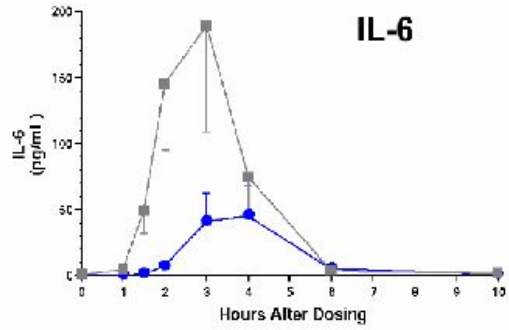
$rBPI_{21}$ / NEUPREX ®

- **Product**
  - **Large Safety Database**
  - **Potent Endotoxin Neutralization**
- **Multiple Indications**
  - **POHS, Burns, BMT**
  - **BioDefense - ARS**
- **Clinical Plan**
  - **IST for POHS Underway**
  - **Burns and BMT IST's Soon**
  - **EU Orphan Drug Application**





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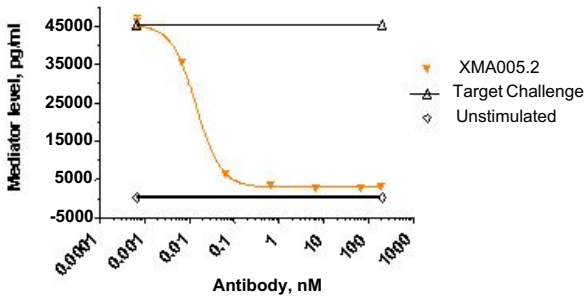
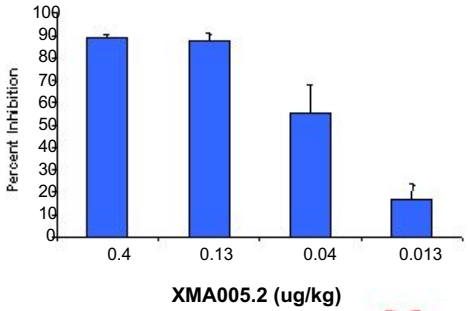
XMA005.2

- **Potent Anti-inflammatory mAb**
- **Multiple Indications**
  - **RA, OA, Others**
- **Product**
  - **Human Engineered™**
  - **High Affinity mAb – 300 fM**
  - **Potent Inhibitory Activity**
  - **Target Monthly Dosing**
- **Preclinical Stage**
  - **Planned IND - Q406**
  - **Phase I - Q107**

In Vitro Neutralization



In Vivo Inhibition



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Pipeline Summary

- **Marketed Product**
  - RAPTIVA® for Moderate-to-Severe Plaque Psoriasis
- **Clinical Stage Programs**
  - RAPTIVA® (Phase II) – Atopic Dermatitis
  - CHIR-12.12 – CLL, MM
  - $rBPI_{21}$/NEUPREX – POHS, Burns, BMT
- **Growing Early-Stage Pipeline**
  - XMA005.2
  - Multiple Oncology Candidates
  - Metabolic mAb
- **Technology Licenses-related Products**
  - CIMZIA ™
  - Lucentis ™

XOMA

Building a Strong and Diverse Therapeutic Antibody Product Pipeline.

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2006 Catalysts

- RAPTIVA® – Market Penetration
- CMO Deals – NIAID, Cubist
- CIMZIA ™ and Lucentis ™ Royalty Possibilities
- CHIR-12.12 – Clinical Progress
- $rBPI_{21}$/NEUPREX – Additional IST's
- Business Development Initiatives
- Registration / Exchange Offer for Convertible Debt
- Revenue Growth, Reductions in Spending and Cash Burn, Size of Pipeline

“Right Place, Right Time, By Design”

- **Maintain Leadership in Therapeutic Antibodies**
- **Leverage Technologies, Infrastructure and Capabilities**
  - **Grow Pipeline**
  - **Grow Revenues**
- **Manage Development and Financial Risks**

A Premier Therapeutic Antibody Company

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A Leader in Therapeutic Antibodies