



*NEWS RELEASE*

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**FOR IMMEDIATE RELEASE**

**LEXICON GENETICS AND XOMA ESTABLISH COLLABORATION  
FOR ANTIBODY DRUG DEVELOPMENT AND COMMERCIALIZATION**

**The Woodlands, Texas and Berkeley, California, June 21, 2005** – Lexicon Genetics Incorporated (Nasdaq: LEXG) and XOMA Ltd. (Nasdaq: XOMA) announced today the formation of a collaboration to jointly develop and commercialize antibody drugs for certain targets discovered by Lexicon. The collaboration is designed to combine Lexicon's target discovery and biotherapeutics capabilities with XOMA's antibody generation, process development and manufacturing expertise to accelerate the development and commercialization of novel therapeutic antibodies.

During the three-year initial term, Lexicon will select for submission to the collaboration targets from among those discovered and analyzed in its Genome5000™ program. In this program, Lexicon is using its gene knockout technology to discover the physiological functions of 5,000 potential drug targets. XOMA will generate or engineer antibodies that modulate the collaboration's targets using phage display libraries and its proprietary Human Engineering™ technology. Lexicon and XOMA will jointly develop and commercialize novel antibodies directed at these targets and will share the responsibility and costs for research, preclinical, clinical and commercialization activities. Costs and profits will be allocated 65% to Lexicon and 35% to XOMA. XOMA will have principal responsibility for manufacturing antibodies for use in clinical trials and commercial sales.

Lexicon and XOMA have already selected an initial target for inclusion in the collaboration. This target is a secreted protein that, when knocked out, results in leanness, resistance to diet-induced obesity and enhanced insulin sensitivity. Antibodies to this target may have utility in the treatment of type II diabetes, obesity and metabolic diseases. Lexicon has agreed to submit at least two other targets for consideration by the collaboration during the initial term.

"XOMA's broad array of antibody technologies and its strong intellectual property position in this area provide the collaboration a range of options for the development of Lexicon's promising antibody targets," said Arthur T. Sands, M.D., Ph.D., president and chief executive officer of Lexicon. "In addition, XOMA's process development and manufacturing capabilities will enable us to move more rapidly through development and to the commercialization of our future therapeutic products."

"Lexicon's validated antibody targets create a strong foundation for developing new and unique therapeutics based on novel mechanisms of action," said John L. Castello, president, chairman and chief executive officer of XOMA. "Combining these targets with XOMA's antibody expertise should create a formula for successful drug development."

## About Lexicon Genetics

Lexicon Genetics is a biopharmaceutical company focused on the discovery and development of breakthrough treatments for human disease. Lexicon is systematically discovering the physiological and behavioral functions of genes to identify potential points of therapeutic intervention, or drug targets. Lexicon makes these discoveries using its proprietary gene knockout technology to model the physiological effects that could be expected from prospective drugs directed against novel targets. The Company has advanced knockout-validated targets into drug discovery programs in six therapeutic areas: diabetes and obesity, cardiovascular disease, psychiatric and neurological disorders, cancer, immune system disorders and ophthalmic disease. Lexicon is working both independently and through strategic collaborations and alliances to accelerate the development and commercialization of its discoveries. Additional information about Lexicon is available through its corporate website, [www.lexicon-genetics.com](http://www.lexicon-genetics.com).

## Lexicon Genetics Safe Harbor Statement

*This press release contains “forward-looking statements,” including statements about Lexicon’s growth and future operating results, discovery and development of products, strategic alliances and intellectual property, as well as other matters that are not historical facts or information. These forward-looking statements are based on management’s current assumptions and expectations and involve risks, uncertainties and other important factors, specifically including those relating to Lexicon’s ability to successfully conduct preclinical development of its drug candidates and advance such candidates into clinical development, achieve its operational objectives, obtain patent protection for its discoveries and establish strategic alliances, as well as those relating to manufacturing, the regulatory process, intellectual property rights, and the therapeutic or commercial value of its drug candidates, that may cause Lexicon’s actual results to be materially different from any future results expressed or implied by such forward-looking statements. Information identifying such important factors is contained under “Factors Affecting Forward-Looking Statements” and “Business – Risk Factors” in Lexicon’s annual report on Form 10-K for the year ended December 31, 2004, as filed with the Securities and Exchange Commission. Lexicon undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.*

## About XOMA

XOMA develops for commercialization antibody and other protein-based biopharmaceuticals, with a therapeutic focus on cancer, immune disorders and infectious diseases. XOMA has a royalty interest in RAPTIVA<sup>®</sup>, a product marketed worldwide that was developed in collaboration with Genentech, Inc. The Company pipeline includes proprietary products along with collaborative product development programs. For more information about XOMA's product pipeline and antibody product development capabilities and technologies, please visit XOMA's website at <http://www.xoma.com/>.

## XOMA Safe Harbor Statement

*Certain statements contained herein concerning current collaborations and product development 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 the results of discovery research, 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 the existing collaborative relationships, the ability of collaborators and other partners to meet their obligations, market demand for products, scale up and marketing capabilities, competition, uncertainties regarding the status of biotechnology patents, uncertainties as to the cost of protecting intellectual property and risks associated with XOMA's status as a Bermuda company, are described in more detail in the Company's most recent annual report on Form 10-K and in other SEC filings. Consider such risks carefully in considering XOMA's prospects.*

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