March 23, 2009

Xencor Licenses Xtend™ Antibody Half-life Prolongation Platform to Merck & Co., Inc.

Monrovia, CA – March 23, 2009 – Xencor, Inc., an antibody discovery and development company, announced today that is has entered into a licensing transaction with Merck & Co., Inc. involving its Xtend™ antibody half-life prolongation technology, in which Xencor has granted Merck an exclusive license to its Xtend™ technology for the development of antibodies towards an undisclosed Merck drug target.

Under the terms of the agreement Merck will pay Xencor an upfront license fee of $3 million, and an additional payment upon selection of an Xtend™ variant. Merck will also pay Xencor clinical development milestones and royalties on product sales.

"We are delighted to establish with Merck one of the first collaborations for our new Xtend™ platform and are excited at the potential of this program," commented Bassil Dahiyat, Ph.D., Xencor's chief executive officer. "Merck is an outstanding partner, and we enjoy the high quality of the scientific interactions with our Merck colleagues," Dahiyat added.

"The ability to enhance the pharmaceutical properties of antibody drug molecules and customize this class of drugs for specific therapeutic settings is a central differentiating factor which Xencor will continue to pioneer," commented James Posada, Ph.D., MBA, Xencor's acting chief business officer.

About Xtend™ technology

Enhance Antibody Half-Life

Xencor's proprietary antibody technology platform provides a validated solution to enhancing the serum half-life of immunoglobulin molecules. Using its proprietary series of antibody Fc variants, antibody half-life can be readily prolonged to enhance performance in a number of different therapeutic indications.

Potential Patient Benefits

Dosing frequency is an important attribute and differentiating factor in certain indications. By prolonging the serum half-life of antibody drug molecules the opportunity arises to address chronic indications with an antibody drug product that potentially has the ability to be administered at greater than monthly intervals, greatly enhancing patient convenience and improving market positioning. In addition, it is possible to reduce the dose of the biologic that is required to maintain effective drug levels, potentially improving the cost, profitability and capital expense profile of the product.

About Xencor

Xencor, Inc. engineers superior biotherapeutics using its proprietary Protein Design Automation® technology platform, and is a leader in the field of antibody Fc engineering to significantly improve antibody potency and half-life. The company is advancing multiple XmAb® antibody drug candidates into the clinic, led by anti-CD30 candidate XmAb®2513 in a Phase I clinical trial for the treatment of Hodgkin lymphoma and anaplastic large cell lymphoma, and anti-CD19 candidate XmAb®5574 in pre-clinical development for the treatment for non-Hodgkin lymphoma and B-cell leukemia. With multiple partners, such as industry leaders Pfizer, Genentech, CSL Ltd., Boehringer Ingelheim, MedImmune and Human Genome Sciences, Xencor is applying its suite of proprietary antibody Fc domains to improve antibody drug candidates for traits such as potency and sustained half-life. For more information, please visit www.xencor.com.