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Lilly Licenses Xencor's Immunofilter™ Technology

Proprietary tool to assess potential protein immunogenicity for 95% of U.S. population.

Monrovia, CA – January 18, 2006 – Xencor, Inc., a biotherapeutics company developing protein and antibody therapeutics, today announced that it has granted Eli Lilly and Company a non-exclusive license to use Xencor's Immunofilter technology to evaluate the potential immunogenicity of its therapeutic proteins. Immunofilter is a new predictive tool designed to enable Xencor and its partners to identify risk of future immunogenicity in antibody and other protein therapeutic candidates. Immunogenicity may reduce the therapeutic efficacy of a protein drug and may trigger potentially severe adverse events.

Xencor's Immunofilter tools were developed based on a proprietary immunochemical data set of peptide epitope binding to class II major histocompatibility complex ("MHC") proteins, a key determinant of recognition of antigens by the immune system. Capable of assessing potential immunogenicity for more than 95% of the U.S. population and based on empirical binding data, Immunofilter technology is the first predictive method to use direct experimental measurements to catalog the breadth of MHC-peptide interactions.

"We are excited to expand our relationship with Lilly and to enable our colleagues to use our proprietary data and software to assess the potential immunogenicity of their drug candidates across a large portion of the U.S. population," said Bassil Dahiyat, Ph.D., President and CEO of Xencor. "Using Immunofilter technology, we and our partners are able to identify potential 'hotspots' on protein drug candidates very early in the development process, and to potentially minimize the future risk of immunogenicity using protein engineering and other technologies. We believe the high-quality data that the Immunofilter approach is based on sets it apart from other approaches to assess immunogenicity."

Under the terms of the agreement, Xencor granted to Lilly a multi-year license to Xencor's Immunofilter data and software and may experimentally scan specific proteins of interest on Lilly's behalf. Specific financial terms were not disclosed.

About Immunofilter™ Technology

Immunofilter technology focuses on MHC binding of protein-derived peptides to predict the presence of class II major histocompatibility complex ("MHC") epitopes in protein sequence. Consisting of a database of proprietary immunochemical measurements and software, Immunofilter tools rapidly scan therapeutic protein candidates of interest. The Immunofilter database comprehensively addresses the high sequence diversity of MHC proteins among patient populations, and was generated from experimental measurements of peptide binding to a large set of class II MHC proteins. This provides nearly complete coverage of the MHC diversity present in the US population. Xencor's Immunofilter technology was developed with funding from an Advanced Technology Program grant from the National Institute of Standards and Technology.

About Xencor

Xencor, Inc., engineers superior biotherapeutics using its proprietary Protein Design Automation® technology platform. The company is internally advancing both XPro™ protein therapeutic candidates and XmAb™ antibody drug candidates optimized for activity against biologically validated targets. Xencor's product development is led by a protein therapeutic drug candidate, XPro1595, for the treatment of arthritis and other rheumatic disorders and antibody candidates for the treatment of cancer. With multiple partners, such as industry leaders Genentech, Roche, Centocor and MedImmune, Xencor is applying its suite of XmAb antibody Fc domains to improve antibody drug candidates for traits such as potency and sustained half-life. Xencor also develops therapeutic protein variants in collaboration with major pharmaceutical partners. For more information, please visit www.xencor.com.