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Xencor Announces Bassil Dahiyat As Its New Chief Scientific Officer

Dahiyat launched Xencor's biotherapeutic programs and protein design platform

Monrovia, CA – December 9, 2003 – Xencor today announced that its Board of Directors has appointed Bassil Dahiyat, Ph.D., to serve as its new Chief Scientific Officer, effective November 3, 2003. Dr. Dahiyat, Xencor's founding CEO, will step down as President and CEO and will remain a director of the company. He will report to Harry Stylli, Ph.D., who the Board appointed as President and CEO of the Company November 3.

"Since Xencor's founding, Bassil Dahiyat has led the company and the development of its paradigm shifting Protein Design Automation (PDA) technology and innovative engineered protein therapeutics," said Dr. Stylli. "The PDA platform uniquely addresses the complexity of protein structure and function to simultaneously optimize multiple properties important for creating biotherapeutics that are both safer and more efficacious, allowing a Medicinal Chemistry for Proteins™ approach. Xencor's novel Dominant Negative cytokine modulators and XmAb™ optimized antibodies herald this approach. Dr. Dahiyat's continued scientific leadership and vision will be central to Xencor's future success."

I am thrilled by the opportunity to work with Harry and to focus on leading the scientific strategy of the company and developing new applications for proteins in medicine," said Dr. Dahiyat. "Our goal of creating the next generation of biotherapeutics has motivated us to understand how to control the biological activity, physical properties and immune profile of proteins. By combining advanced molecular biology with our proprietary in silico protein modeling, we can very efficiently create optimal drug candidates and define broad intellectual property."

Dr. Dahiyat was recently named one of 2003's Top 100 Young Innovators by MIT's Technology Review magazine for his work on protein design and its development for therapeutic applications. He led Xencor from its beginning and raised \$65.8 million in private equity financing and established the Company's technology and therapeutics programs resulting in over 250 patents and patent applications. Following his work at Caltech on the initial development of PDA technology, Dr. Dahiyat co-founded Xencor in 1997 with the goal to develop novel biotherapeutics that have all critical properties, physical and biological, tuned for clinical and commercial success. Dahiyat is an inventor on 60 patents and patent applications and a co-author of 18 scientific papers. He has received awards from the American Chemical Society, the Controlled Release Society and Caltech.

About Protein Design Automation technology

PDA technology combines high performance computing with proprietary molecular biology processes and assays to create broader protein diversity with far greater control and efficiency than other optimization technologies, such as directed evolution and phage display. The technology takes advantage of the information embedded in protein structure to optimize key protein properties, such as binding affinity and selectivity, stability, expression level, safety, and efficacy. This process also creates new intellectual property, continually broadening Xencor's patent portfolio by generating sets of novel protein sequences that are distinct from naturally occurring proteins.

About XmAb™ technology

Xencor is designing the constant Fc domains of monoclonal antibodies using PDA technology to improve their biochemical and cell biological characteristics, an approach applicable to antibodies against any target antigens. The XmAb platform improves numerous properties of antibodies including enhanced antibody mediated tumor cell killing, improvement of structural stability and reduced immunogenicity. The Company has already created a suite of Fc variants with improved tumor cell killing that can be inserted into any antibody.

About Dominant Negative Cytokine Modulators

Xencor has created inhibitors of Tumor Necrosis Factor (TNF), a key target in arthritis and other rheumatic disorders, that have a unique and proprietary Dominant Negative (DN) mechanism of action, distinct from existing soluble receptor and neutralizing antibody approaches. The DN mechanism enables a broad new opportunity to compete in the rich TNF superfamily of drug targets for autoimmune disease and cancer, which includes BAFF/BLyS, CD40L, RANKL and OX40L. DN molecules offer receptor and ligand specificity, high stability, ease of production, and a distinct intellectual property position.

About Xencor

Xencor is a pre-clinical stage company that discovers and develops protein therapeutics using its proprietary rational protein design platform. Xencor's platform applies high performance computing and advanced molecular biology to rapidly discover drug candidates with novel mechanisms and improved safety and efficacy. Xencor is a privately held biopharmaceutical company located in Monrovia, CA. Additional information is available at www.xencor.com.