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Xencor Determines Structure Of Baff, A Key Autoimmune Disease Target

Discovery Enables Dominant Negative Inhibitor Strategy and Clarifies BAFF Structural Controversy

Monrovia, CA – January 28, 2004 – Xencor, a drug discovery company, today reported the structure of BAFF, also call BLyS or TALL-1, a key regulator of immune function and an important target in autoimmune disease. Scientists from Xencor demonstrated that BAFF's biologically active form is trimeric, similar to other members of the TNF superfamily of proteins. This work resolves conflicting reports in the field and enables the discovery of novel inhibitors of BAFF using Xencor's proprietary Dominant Negative strategy. This report was published in today's issue of Nature.

"This basic research effort to characterize BAFF demonstrates Xencor's commitment to the TNF superfamily of drug targets and our capabilities in protein biophysics," said Bassil Dahiyat, Ph.D., Chief Scientific Officer of Xencor. "Demonstrating that BAFF is trimeric is a key step in our Dominant Negative BAFF inhibitor program, which is creating inhibitors of BAFF to treat autoimmune diseases such as lupus, multiple sclerosis and rheumatoid arthritis. BAFF is an exciting target and our Dominant Negative mechanism offers important safety and efficacy advantages in dealing with its complex biology by creating receptor specific inhibitors." Dr. Dahiyat added, "We are using the Dominant Negative strategy to create new therapeutic candidates and novel intellectual property for several targets in the TNF superfamily, including TNF alpha, RANKL and CD40L."

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 Protein Design Automation (PDA) technology

PDA technology combines high performance computing with sensitive biochemical assays to create broader protein diversity with far greater control than other optimization technologies, such as directed evolution and phage display. It uses the information embedded in protein structure to optimize protein activity, binding affinity and specificity, stability, expression level, and potency. 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 Xencor

Xencor is a preclinical-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, Calif. Additional information is available at www.xencor.com.