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# Xencor Reports Top-line XmAb®5871 Phase 1b/2a Results Showing Promising Clinical Activity in Rheumatoid Arthritis

## -33% rate of DAS28-CRP remission or low disease activity reported in Phase 2a cohort--Autoimmune disease-modifying activity demonstrated by targeting FcgRIIb (CD32b)--Clinical trial for rare autoimmune disorder IgG4-related disease (IgG4-RD) planned for 2015--Conference call today at 8:30 a.m. ET-

MONROVIA, Calif., Jan. 29, 2015 /PRNewswire/ -- Xencor, Inc. (NASDAQ: XNCR), a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies for the treatment of autoimmune diseases, asthma and allergic diseases and cancer, today reported top-line results from a Phase 1b/2a study for XmAb®5871. In addition to the study's primary objective of characterizing safety and tolerability, the data showed promising activity in patients with rheumatoid arthritis (RA), including multiple DAS28-CRP remissions and ACR50 and ACR70 responses. XmAb5871 is a first-in-class monoclonal antibody containing Xencor's proprietary XmAb immune inhibitor Fc domain that targets FcγRIIb to inhibit B-cell function.

"XmAb5871's reduction of RA disease activity demonstrates for the first time that its unique mechanism of action targeting FcγRIIb can be effective at treating an autoimmune disease, and builds on the potent, reversible B-cell inhibition we observed in our Phase 1a clinical trial," said Paul Foster, M.D., chief medical officer of Xencor. "We have begun translational and mechanistic studies of XmAb5871 in the rare autoimmune disorder IgG4-RD and during 2015 we plan to initiate an open-label pilot clinical trial in IgG4-RD to assess control of disease activity as measured by the IgG4-RD Responder Index (Carruthers, et al., 2012, Int J Rheum)."

In the Phase 2a cohort of the trial, 15 XmAb5871 treated patients and eight placebo treated patients were evaluable for RA disease activity at the protocol specified disease activity assessment time point of two weeks following the sixth biweekly infusion. 33% of patients (5 of 15) that received all six biweekly doses of XmAb5871 achieved DAS28-CRP remission or low disease activity versus zero on placebo. Three ACR70 responses (20%) and six ACR50 responses (40%) occurred in the XmAb5871 group compared to zero and one (13%) respectively in the placebo group.

"XmAb5871 is our most advanced wholly-owned program and provides us with a number of therapeutic development opportunities where B-cell inhibition shows promise. We are very encouraged by these results, and anticipate a dialogue with the FDA on our clinical development plans in IgG4-RD and other indications," said Bassil Dahiyat, Ph.D., president and chief executive officer of Xencor.

Biweekly administration of XmAb5871 for 12 weeks was generally well tolerated. The most common XmAb5871 treatment related adverse events (AEs) observed were predominantly mild to moderate gastrointestinal toxicities (nausea, vomiting, diarrhea) occurring during the first infusion of XmAb5871. These gastrointestinal AEs did not typically recur on subsequent infusions and no infusions were discontinued due to these AEs. Other treatment related AEs experienced in more than two XmAb5871 treated patients were pyrexia (fever) and headache. Treatment related serious adverse events (SAEs) occurred in two patients that received XmAb5871: infusion related reaction and venous thrombosis. Two patients in the placebo treated group also reported SAEs.

The Company continues to conduct an analysis of safety, pharmacokinetics, immunogenicity and efficacy data and full study results are expected to be presented at an upcoming medical conference in 2015.

**Conference Call and Webcast**
Xencor will host a conference call today at 8:30 a.m. ET to discuss this data. The live call may be accessed by dialing (855) 433-0932 for domestic callers or (484) 756-4280 for international callers, and providing the conference ID number 76049183. A live webcast of the conference call will be available online from the investors section of the Company's website at www.xencor.com. The webcast will be archived on the company website for 30 days.

**About the Phase 1b/2a Study of XmAb®5871**
The Phase 1b/2a study was a randomized, double-blind, placebo-controlled trial in patients with active rheumatoid arthritis (RA) on a background of stable non-biologic disease modifying anti-rheumatic drug (DMARD) therapy. The trial was designed to determine the safety and tolerability profile of biweekly, multiple-dose, intravenous administration in patients with RA and to characterize the pharmacokinetics and immunogenicity of intravenously administered XmAb5871 in patients with RA at multiple

doses. A secondary outcome measure was RA disease response as measured by changes in Disease Activity Score 28 using C-reactive protein (DAS28-CRP) at week 13 for the Phase 2a part of the trial. Patients received six biweekly intravenous administrations of XmAb5871. In the Phase 1b multiple ascending dose part, a total of 30 patients were randomized to placebo or XmAb5871 in dose cohorts of 0.3, 1.0, 3.0 and 10.0 mg/kg. In the Phase 2a part, 27 patients were randomized to XmAb5871 at 10.0 mg/kg or placebo (2:1).

**About XmAb®5871**
XmAb5871 is a first-in-class monoclonal antibody that targets CD19 with its variable domain and that uses Xencor's XmAb immune inhibitor Fc domain to target FcγRIIb, a receptor that inhibits B-cell function. XmAb5871 is the first drug candidate that Xencor is aware of that targets FcγRIIb inhibition. Xencor has demonstrated in multiple animal models and in initial human clinical trials that XmAb5871 inhibits B-cell function without destroying these important immune cells.

**About Xencor's XmAb® Immune Inhibitor Technology**
FcγRIIb (IIb), also called CD32b, is a receptor for Fc domains on B cells and other immune cells. When engaged, the IIb receptor blocks immune activation pathways and traffics bound soluble antigens out of circulation. Xencor has discovered a series of Fc domain variants with up to a 400-fold increase in binding affinity to FcγRIIb derived from just two amino acid changes. These XmAb Immune Inhibitor Fc domains greatly heighten the properties of IIb receptor engagement and have potential as building blocks for drug candidates in autoimmune, allergic and inflammatory diseases.

**About Xencor, Inc.**
Xencor is a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies for the treatment of autoimmune diseases, asthma and allergic diseases, and cancer. Currently, eight candidates that have been engineered with Xencor's XmAb® technology are in clinical development internally and with partners. Xencor's internally-discovered programs include: XmAb5871, which completed a Phase 1b/2a clinical trial for the treatment of rheumatoid arthritis and is in preparation for a clinical trial in IgG4-related disease in 2015; XmAb7195 in Phase 1a development for the treatment of asthma; and XmAb5574/MOR208 which has been licensed to Morphosys AG and is in Phase 2 clinical trials for the treatment of acute lymphoblastic leukemia and non-Hodgkin lymphoma. Xencor's XmAb antibody engineering technology enables small changes to the structure of monoclonal antibodies resulting in new mechanisms of therapeutic action. Xencor partners include Merck, Janssen R&D LLC, Alexion, Novo Nordisk and Boehringer Ingelheim. For more information, please visit www.xencor.com.

**Forward Looking Statements**
Statements contained in this press release regarding matters that are not historical facts are "forward-looking statements" within the meaning of the U.S. securities laws, including statements associated with XmAb5871 and Xencor's research, collaborations and its expectations regarding future therapeutic and commercial potential of Xencor's technologies, programs, drug candidates and intellectual property related to Xencor's XmAb® technology. Because such statements are subject to risks and uncertainties, including risks associated with the process of discovering, developing and commercializing drugs that are safe and effective, actual results and the timing of events may differ materially from those expressed or implied by such forward-looking statements. These and other risks concerning Xencor's programs and technology are described in additional detail in Xencor's SEC filings. These forward-looking statements speak as of the date on which they were made, are based upon Xencor's current expectations and involve assumptions that may never materialize or may prove to be incorrect. Xencor disclaims any intention or obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made.

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