

XBiotech Announces Positive Phase II Clinical Trial Results for Lead Candidate MABp1 in Acne Vulgaris

Safety of *True Human*[™] Monoclonal Antibody Therapy Enables Development of First Biologic Treatment Targeting Inflammatory Cytokine IL-1a for Moderate to Severe Acne

AUSTIN, Texas, Dec. 12, 2012 /PRNewswire/ -- XBiotech Inc., a privately held biotechnology company, today announced positive Phase II clinical trial results in the treatment of acne vulgaris. The trial was conducted as an open label study using XBiotech's lead candidate, ***True Human*[™]** monoclonal antibody MABp1, in patients with moderate to severe disease. Patients enrolled in the study demonstrated continual improvement in lesions over the course of therapy, with up to 42 percent reduction in eight weeks. The excellent safety profile of MABp1 demonstrated across multiple therapeutic indications to date, and strong initial results in this trial, provide the basis for further development of the first biologic therapy targeting the inflammatory cytokine IL-1a for acne treatment.

Acne vulgaris is a common skin disease that affects an estimated 80% of Americans at some time during their lives. Twenty percent will have severe acne, which results in permanent physical and mental scarring. Acne vulgaris is America's most common skin disease and is characterized by non-inflammatory, open or closed comedones and by inflammatory papules, pustules, and nodules.

Currently, there are several approved topical and systemic treatments however no biological therapy has yet been approved for the treatment of acne. The Phase II clinical trial involving the XBiotech proprietary platform technology was a multicenter study, and included leading investigators such as Dr. Ronald Moy, recent President of the American Academy of Dermatology, former Co-Chief of Dermatology, and Chief of Dermatological Surgery at UCLA Medical Center.

"We believe that our ***True Human*[™]** monoclonal antibody therapy has the potential to provide a completely new biologic approach to the management of acne," said John Simard, president and CEO of XBiotech. "The safety of our technology – which has been well established with 145 patients receiving over 450 doses of MABp1 – allows us to focus on a variety of indications, including those that are non-life threatening such as acne. As with other conditions involving chronic inflammation, IL-1a plays a significant role in the acne disease process and neutralizing its effects with MABp1 shows highly promising early results. The opportunity to address a common, yet challenging, skin condition with a novel biological drug represents a significant development in dermatological care."

About *True Human*[™] Antibodies

True Human*[™]** antibodies represent the next generation of therapeutic antibodies. These antibodies are identified using the Company's proprietary platform technology to ensure faithful reproduction of the original human antibody gene. ***True Human antibodies are "invisible" to the body's immune system and thus have the potential for better safety, efficacy and patient tolerability compared to earlier generation antibody therapeutics.

About XBiotech

XBiotech is pioneering breakthrough therapies that improve the safety and efficacy of antibody therapeutics. The Company's lead product candidate inhibits chronic sterile inflammation by targeting IL-1a, a master regulator of inflammation. The clinical development program addresses tremendous unmet medical need in multiple disease indications including, acne, psoriasis, cachexia, cancer, type 2 diabetes and cardiovascular disease. XBiotech is also revolutionizing scalable, flexible manufacturing systems for the production of biological therapies. Using minimal infrastructure and disposable bioreactor technology – to dramatically reduce capital requirements, operating complexity, and lead times - the Company has established a compelling commercialization path for its ***True Human*[™]** antibody platform. For more information on how XBiotech is advancing human monoclonal antibody therapy please visit www.xbiotech.com.

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