
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) September 20, 2018

XOMA CORPORATION

(Exact name of registrant as specified in its charter)

000-14710
(Commission
File Number)

Delaware
(State or other jurisdiction
of incorporation)

52-2154066
(IRS Employer
Identification No.)

2200 Powell Street, Suite 310, Emeryville, California
(Address of principal executive offices)

94608
(Zip Code)

Registrant's telephone number, including area code (510) 204-7200
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On September 20, 2018, XOMA Corporation, through its wholly-owned subsidiary, XOMA (US) LLC (the “Company”), entered into a Royalty Purchase Agreement (the “Royalty Purchase Agreement”) with Agenus Inc., and certain of its affiliates (collectively, “Agenus”). Pursuant to the terms of the Royalty Purchase Agreement, the Company purchased from Agenus the right to receive low- to mid-single digit royalties from Incyte Europe Sarl (“Incyte”) (net of certain royalties payable by Agenus to a third party) and 10% of all future developmental, regulatory and sales milestones on sales of six Incyte immuno-oncology assets, with the exception of an expected near-term milestone associated with the entry of INCAGN2390 (anti-TIM-3) into the clinic. In addition, the Company purchased from Agenus the right to receive low single digit royalties from Merck Sharp & Dohme Corp. (“Merck”) and 10% of all future developmental, regulatory and sales milestones on sales of an undisclosed Merck immuno-oncology product currently in clinical development. Pursuant to the Royalty Purchase Agreement, the Company is eligible to receive up to \$59.5 million in potential development, regulatory and commercial milestones.

Under the terms of the Royalty Purchase Agreement, the Company paid Agenus \$15 million (the “Closing Amount”). The Company has financed \$7.5 million of the Closing Amount by drawing a term loan under its Loan and Security Agreement with Silicon Valley Bank dated May 7, 2018, previously filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the three-month period ending June 30, 2018.

The Royalty Purchase Agreement contains customary representations, warranties, covenants and indemnities. The Royalty Purchase Agreement will terminate six (6) months following receipt by the Company of all royalty payments to which it is entitled thereunder.

The transaction closed on September 20, 2018.

The foregoing description of the Royalty Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Royalty Purchase Agreement, which will be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the period ending September 30, 2018. Certain terms of the Royalty Purchase Agreement have been omitted from this Form 8-K and will be omitted from the version to be filed as an exhibit to the Form 10-Q pursuant to a Confidential Treatment Request that the Company plans to submit to the Securities and Exchange Commission at the time of the filing of the Form 10-Q. On September 21, 2018, the Company issued a press release attached hereto as Exhibit 99.1

Item 2.01 Completion or Acquisition or Disposition of Assets.

The information included under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information included under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release dated September 21, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 21, 2018

XOMA CORPORATION

/s/ Thomas Burns

Thomas Burns

Senior Vice President, Finance and Chief Financial Officer



XOMA Acquires Royalty Interest Position from Agenus on Seven Assets Being Developed by Merck and Incyte

EMERYVILLE, Calif., September 21, 2018 (GLOBE NEWSWIRE) – XOMA Corporation (NASDAQ: XOMA), announced today that for \$15.0 million, it has acquired from Agenus (NASDAQ: AGEN) a partial interest position in the rights to potential milestone and royalty payments associated with seven immuno-oncology antibodies currently being developed by Merck and Incyte under their collaborations with Agenus.

“This is an important deal reflecting our new royalty-aggregator strategy to acquire milestone and royalty payments associated with therapeutic candidates partnered by others. The basket of Agenus immuno-oncology assets is advancing in the hands of two of the leading companies in oncology drug development,” said Jim Neal, Chief Executive Officer at XOMA. “These assets possess all the characteristics we have established for our business model: outstanding development partners, mid-stage to early stage assets, important therapeutic categories, and sizable royalty commitments. We believe this investment could generate potential future cash flows over an extended period from milestones and royalties on some exciting potential commercial opportunities.”

The seven royalty interest antibodies are:

- One Phase 1 antibody being developed by Merck on an undisclosed novel target;
- Incyte’s INCAGN1876, a GITR agonist in Phase 1/2 studies;
- Incyte’s INCAGN1949, an OX-40 agonist in Phase 1/2 studies;
- Incyte’s INCAGN2385, a LAG-3 antagonist in Phase 1 studies;
- Incyte’s INCAGN02390, a TIM-3 antagonist expected to enter the clinic in 2018; and,
- Two preclinical antibodies being developed by Incyte on undisclosed targets.

Under the terms of the agreement, XOMA will receive low- to mid-single-digit royalties on future sales of these seven immuno-oncology assets. Additionally, XOMA is entitled to a portion of milestone payments associated with the assets. XOMA has drawn \$7.5 million from its line of credit with Silicon Valley Bank (“SVB”) to partially fund this transaction.

About XOMA Corporation

XOMA has built a significant portfolio of products that are licensed to and being developed by other biotechnology and pharmaceutical companies. The Company’s portfolio of partner-funded programs spans multiple stages of the drug development process and across various therapeutic areas. Many of these licenses are the result of XOMA’s pioneering efforts in the discovery and development of antibody therapeutics. The Company’s royalty-aggregator business model includes acquiring additional licenses to partner-funded programs. For more information, visit www.xoma.com.

Forward-Looking Statements

Certain statements contained in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the potential of XOMA's portfolio of partnered programs and licensed technologies to generate royalty proceeds over time and create potential cash flow, including from potential milestone and royalty payments associated with immuno-oncology programs of Agenus. These statements are based on assumptions that may not prove accurate, and actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry, including those related to the fact that we may not receive any significant royalty or milestone payments from Agenus' assets, our product candidates subject to out-license agreements are still being developed, and our licensees may require substantial funds to continue development which may not be available; we do not know whether there will be, or will continue to be, a viable market for the products in which we have an ownership or royalty interest; we may not be successful in entering into out-license agreements for our product candidates; if our therapeutic product candidates do not receive regulatory approval, our third-party licensees will not be able to manufacture and market them. Other potential risks to XOMA meeting these expectations are described in more detail in XOMA's most recent annual report on Form 10-K, in subsequent quarterly reports on Form 10-Q and in other SEC filings. Consider such risks carefully when considering XOMA's prospects. Any forward-looking statement in this press release represents XOMA's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. XOMA disclaims any obligation to update any forward-looking statement, except as required by applicable law.

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