

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3
on
FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): November 26, 2001

XOMA Ltd.

(Exact name of registrant as specified in its charter)

BERMUDA

(State or other jurisdiction of incorporation)

0-14710

52-2154066

(Commission File Number)

(IRS Employer Identification No.)

2910 Seventh Street, Berkeley, California

94710

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code

(510) 204-7200

(Former name or former address, if changed since last report)

Item 5. Other Events

As previously announced on November 26, 2001, XOMA Ltd. has agreed with Millennium Pharmaceuticals, Inc. to collaborate to develop two of Millennium's biotherapeutic agents for certain vascular inflammation indications.

Under an investment agreement, Millennium committed to purchase, at XOMA's option, up to \$50 million worth of XOMA common shares over the 30 months following the effective date of the investment agreement, through a combination of convertible debt and equity at then prevailing market prices. On May 16, 2003, XOMA and Millennium agreed to delay the maturity of the convertible debt until February 26, 2004 and to adjust the timing of Millennium's obligation to purchase the remaining \$37.5 million worth of XOMA common shares. A copy of the letter agreement is attached hereto as Exhibit 6 and incorporated herein by reference.

On May 20, 2003, XOMA issued the announcement attached hereto as Exhibit 7, which is incorporated herein by reference.

-2-

Item 7. Exhibits

1. Press Release dated November 26, 2001.*
2. Development and License Agreement dated as of November 26, 2001 by and among Millennium Pharmaceuticals Inc., XOMA (US) LLC and XOMA Ireland Limited (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission).*

3. Investment Agreement dated as of November 26, 2001 by and among XOMA Ltd., Millennium Pharmaceuticals, Inc. and mHoldings Trust (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission).*
4. Registration Rights Agreement dated as of November 26, 2001 by and among XOMA Ltd., Millennium Pharmaceuticals, Inc. and mHoldings Trust (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission).*
5. Convertible Subordinated Promissory Note dated November 26, 2001 (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission).*
6. Letter Agreement dated May 16, 2003 by and among XOMA Ltd., Millennium Pharmaceuticals, Inc. and mHoldings Trust.
7. Press Release dated May 20, 2003.

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* Previously filed.

-3-

SIGNATURE

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.

Dated: May 21, 2003

XOMA LTD.

By: /s/ Christopher J. Margolin

Christopher J. Margolin
Vice President, General
Counsel and Secretary

EXHIBIT INDEX

Number Description

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* Previously filed.

XOMA Ltd.
2910 Seventh Street
Berkeley, California 94710

May 16, 2003

Millennium Pharmaceuticals, Inc.
mHoldings Trust
75 Sidney Street
Cambridge, Massachusetts 02139-4815

Re: Amendments to Note and Investment Agreement

Ladies and Gentlemen:

Reference is made to the Convertible Subordinated Note, dated as of November 26, 2001, as amended by Amendment No. 1, dated as of November 5, 2002, in the principal sum of \$5,000,000 (the "Note"), convertible into common shares, par value US\$0.0005 per share, of XOMA Ltd. ("XOMA"), and the Investment Agreement, dated as of November 26, 2001 (the "Investment Agreement"), by and among XOMA, Millennium Pharmaceuticals, Inc. and mHoldings Trust. Capitalized terms used but not defined in this letter agreement have the meanings assigned thereto in the Investment Agreement.

Notwithstanding any provisions of the Note or the Investment Agreement or any related agreement or resolutions to the contrary and without affecting the rights and obligations of the parties thereunder except as expressly set forth herein, the parties hereto agree as follows:

1. Maturity Date of the Note. The principal of the Note shall be due and payable in a single installment on the earliest of: (a) February 26, 2004, (b) the tenth Business Day following the termination of the Development and License Agreement, and (c) the tenth Business Day following the first date on which the Common Shares are no longer listed on any Principal Trading Market. The earliest such date shall be the "Maturity Date" for purposes of the Note. Sections 6(c) and (e) of the Note are hereby amended to refer to a closing to take place on February 26, 2004 and the shares to be purchased at such closing.

2. Remaining Closings Under the Investment Agreement. The Investment Agreement is hereby amended to the extent necessary to reflect the parties' agreement that the

-2-

Third, Fourth and Fifth Closing Dates and the Third, Fourth and Fifth Purchase Prices are modified as follows:

	Closing Date	Purchase Price
	-----	-----
Third	June 26, 2003	\$4.0 million
Fourth	November 26, 2003	\$9.0 million
Fifth	February 26, 2004	\$7.0 million

and to make corresponding changes to all related definitions and provisions. In addition, the Investment Agreement is hereby amended to the extent necessary to reflect the parties' agreement that there shall be added Sixth, Seventh and Eighth Closing Dates and Sixth, Seventh and Eighth Purchase Prices as follows:

	Closing Date	Purchase Price
	-----	-----
Sixth	June 26, 2004	\$6.0 million
Seventh	October 26, 2004	\$6.0 million
Eighth	February 26, 2005	\$5.5 million

and that the rights, obligations, conditions and other provisions in the Note, the Investment Agreement and the Registration Rights Agreement relating to each additional closing and the Shares purchased thereat shall be the same as those that apply to the other closings generally, mutatis mutandis, it being understood that the formula for determining the number of shares to be issued and purchased on each of the Sixth, Seventh and Eighth Closing Dates shall be re-applied at each closing using prices and time periods determined with reference to such Closing Date. The Investment Agreement is also hereby amended (i) to provide that the condition set forth in Section 5.3(i) of the Investment Agreement shall apply only to the Fifth Closing (as provided above), (ii) to replace the reference to the "Fifth Closing Date" in Section 4.2(d) of the Investment Agreement with the "Eighth Closing Date" and (iii) to replace the

reference to the "Fifth Closing" in the first sentence of Section 6.1 of the Investment Agreement with the "Eighth Closing." For the sake of clarity, the Shares sold on the Sixth, Seventh and Eighth Closing Dates shall be subject to the provisions of Sections 4.4 and 4.5 of the Investment Agreement.

Notwithstanding the provisions hereof, if at any time prior to the Third, Fourth, Fifth, Sixth, Seventh and/or Eighth Closing Date the Development Program for either of the Licensed Products (as each such term is defined in the Development and License Agreement) is terminated in accordance with the terms of the Development and License Agreement, the Third, Fourth, Fifth, Sixth, Seventh and/or Eighth Purchase Price payable subsequent to the date of such termination shall be reduced as set forth on Exhibit A.

-3-

3. Miscellaneous. Except as expressly modified hereby, the provisions of the Note and the Investment Agreement shall remain in full force and effect. This letter agreement may not be amended or any provision hereof waived or modified except by an instrument in writing signed by each of the parties hereto. The headings on the paragraphs of this letter agreement are not to be considered as part of this letter agreement in construing this letter agreement. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of law. Each party agrees to execute, acknowledge and deliver such further instruments, and do such other acts, as may be necessary and appropriate in order to carry out the purposes and intent of this letter agreement. This letter agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

-4-

Please acknowledge your agreement to the foregoing by executing below whereupon this letter shall become an effective agreement.

Very truly yours,

XOMA LTD.

By: _____
Christopher J. Margolin
Vice President, General
Counsel and Secretary

AGREED and ACCEPTED as of the date first above written:

MILLENNIUM PHARMACEUTICALS, INC.

By: _____
Name:
Title:

mHOLDINGS TRUST

By: _____
Name:
Title:

-5-

EXHIBIT A

ADJUSTMENTS UPON TERMINATION
OF DEVELOPMENT PROGRAM FOR ONE LICENSED PRODUCT

	From -----	To -----
Third Closing	USD \$4,000,000	USD \$2,400,000
Fourth Closing	USD \$9,000,000	USD \$5,400,000
Fifth Closing	USD \$7,000,000	USD \$4,200,000

Sixth Closing	USD \$6,000,000	USD \$3,600,000
Seventh Closing	USD \$6,000,000	USD \$3,600,000
Eighth Closing	USD \$5,500,000	USD \$3,300,000

Investor and Media Contacts:

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Laura Zobkiw
Corporate Communications & Investor Relations
(510) 204-7200

Peter Davis
Chief Financial Officer
(510) 204-7200

XOMA ANNOUNCES REVISION OF FINANCING AGREEMENT
FOR VASCULAR INFLAMMATION PRODUCT COLLABORATION

BERKELEY, CALIFORNIA -- May 20, 2002 --XOMA Ltd. (NASDAQ: XOMA) announced today the amendment of certain terms of the financing agreement between XOMA and Millennium Pharmaceuticals, Inc. The agreement relates to an ongoing product collaboration with two Millennium biotherapeutic agents, MLN01 and CAB-2, for certain vascular inflammation indications.

Under the original investment agreement signed in 2001, Millennium committed to purchase, at XOMA's option, up to \$50 million worth of common shares over a three year-period, through a combination of convertible debt and equity at prevailing market prices. Key new elements of the revised payment and financing agreement include:

- o An extension of the maturity date of the \$5.0 million outstanding convertible loan from May 2003 to February 2004.
- o A re-scheduling of XOMA's decision points on whether to sell the remaining \$37.5 million worth of common shares from three option dates over the next 12 months, to six option dates over the next 21 months.

"We're pleased with the progress of our collaboration with Millennium," said John L. Castello, XOMA's chairman, president and chief executive officer. "We believe that having more frequent but smaller payment commitments gives us more flexibility to reduce dilution and any short-term impact on XOMA's share price."

As a result of these revisions, XOMA will be filing a new registration statement on Form S-3 with the Securities and Exchange Commission to cover the re-sale of shares issued to Millennium, replacing the registration statement already on file.

- More -

About XOMA

XOMA develops and manufactures antibody and other protein-based biopharmaceuticals for disease targets that include immunological and inflammatory disorders, cancer and infectious diseases. XOMA's programs include collaborations with Genentech, Inc. on the Raptiva(TM) antibody for psoriasis (BLA submission), psoriatic arthritis (Phase II) and other indications; with Baxter Healthcare Corporation to develop NEUPREX(R) (rBPI21) for Crohn's disease (Phase II) and other indications; with Millennium Pharmaceuticals, Inc. on two biotherapeutic agents, CAB-2 and MLN01, for cardiovascular inflammation indications (preclinical); and with Onyx Pharmaceuticals, Inc. on its ONYX-015 product for various cancers (current activities suspended, pending partnership discussions). Earlier-stage programs focus on antibodies and BPI-derived compounds developed at XOMA for the treatment of cancer, retinopathies, and acne. For more information about XOMA's pipeline and activities, please visit XOMA's website at <http://www.xoma.com/>.

- More -

Statements made in this news release related to collaborative arrangements and current plans for product development, or that otherwise relate to future periods, 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. These statements are based on assumptions that may not prove accurate. Actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry and for companies engaged in the development of new products in a regulated market. These risks, including those related to changes in the status of the Company's collaborative relationships, the timing or results of pending or future clinical trials or other studies, the ability of collaborators and other partners to meet their obligations, market demand for products, actions by the Food and Drug Administration or the US Patent and Trademark Office, and uncertainties regarding the status of biotechnology patents, are discussed in the Company's most recent annual report on Form 10-K and in other SEC filings. Consider such risks carefully in evaluating XOMA's prospects.

