

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): January 31, 2005

XOMA LTD.

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(Exact name of registrant as specified in its charter)

BERMUDA

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(State or other jurisdiction of incorporation)

0-14710  
(Commission File Number)

52-2154066  
(IRS Employer Identification No.)

2910 Seventh Street, Berkeley, California

94710

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(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code (510) 204-7200

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

Item 8.01. Other Events

On January 31, 2005, XOMA Ltd. issued a press release announcing that it intends to offer approximately \$60 million principal amount of convertible senior notes due 2012, with an option to the initial purchasers to purchase up to an additional \$20 million principal amount of notes.

A copy of the press release is attached hereto as Exhibit 1 and is incorporated herein by reference.

Item 9.01. Exhibits

1. Press Release dated January 31, 2005.

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: January 31, 2005

XOMA LTD.

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

EXHIBIT INDEX

Number	Description
- - - - -	- - - - -

1. Press Release dated January 31, 2005.

Investor and Media Contacts:

Ellen M. Martin  
Kureczka/Martin Associates  
Investor Relations  
Tel: (510) 832-2044

Deb McManus, APR  
Media  
(510) 204-7240

XOMA COMMENCES OFFERING OF CONVERTIBLE SENIOR NOTES  
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BERKELEY, CA - January 31, 2005 - XOMA Ltd. (NASDAQ: XOMA) today announced that it intends, subject to market and other conditions, to sell approximately \$60 million principal amount of its Convertible Senior Notes due 2012 to qualified institutional buyers pursuant to Section 4(2) and Rule 144A under the Securities Act of 1933, as amended. XOMA expects the terms of the offering to include an option for the initial purchaser in the offering to purchase up to an additional \$20 million principal amount of notes.

XOMA expects to use the proceeds of the offering for general corporate purposes, including current research and development projects, the development of new products or technologies, equipment acquisitions, general working capital and operating expenses.

The notes to be offered and the common shares issuable upon conversion of the notes have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

Certain statements contained herein concerning the Company's intention to raise proceeds through the offering and sale of convertible notes, the intended use of proceeds and the anticipated terms of the notes 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. Among other things, the Company's ability to complete the offering on the anticipated terms or at all will depend on general market conditions and investor demand. In addition, any investment in the Company involves risks, including those related to the results of pre-clinical testing; the timing or results of pending and future clinical trials (including the design and progress of clinical trials; safety and efficacy of the products being tested; action, inaction or delay by the FDA, European or other regulators or their advisory bodies; and analysis or interpretation by, or submission to, these entities or others of scientific data); changes in the status of existing collaborative relationships; the ability of collaborators and other partners to meet their obligations; competition; market demand for products; scale-up and marketing capabilities; availability of additional licensing or collaboration opportunities; international operations; share price volatility; our financing needs and opportunities; uncertainties regarding the status of biotechnology patents; uncertainties as to the costs of protecting intellectual property; and risks associated with our status as a Bermuda company. These and other risks are described in more detail in the Company's most recent annual report on Form 10-K and in other SEC filings.

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