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 4, 2012

XOMA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-14710	52-2154066
(Commission File Number)	(IRS Employer Identification No.)

2910 Seventh Street, Berkeley, California	04710
(Address of principal executive offices)	(Zip Code)

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

Not applicable
(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:

☐ 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.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 4, 2012, the Board of Directors (the "Board") of XOMA Corporation (the "Company") appointed John Varian to serve as Chief Executive Officer of the Company. Mr. Varian had been serving as Interim Chief Executive Officer of the Company since August 31, 2011 and has been a member of the Board since December of 2008.

On January 4, 2012, the Company entered into an employment agreement with Mr. Varian, which provides for Mr. Varian's employment as Chief Executive Officer at a salary of not less than $475,000 per year. Under his employment agreement, Mr. Varian is entitled to participate in any benefit plan for which key executives of the Company are eligible, including the Company's CEO Incentive Compensation Plan ("CICP"). Upon termination of his employment for any reason other than for cause or upon his resignation for good reason, Mr. Varian will be entitled to his then current annual base salary and benefits for 12 months, as well as a pro-rated portion of his then current annual target bonus and outplacement services for 12 months not to exceed $15,000 in value, provided that (i) if Mr. Varian has been an officer of the Company for less than one year at the time of termination, then his severance pay will be limited to one-half of his then current annual base salary, and (ii) if Mr. Varian is terminated other than for cause after December 31 of any year in which he was a participant in the CICP, then he will be entitled to receive his bonus payment for the year just ended consistent with his performance against his CICP objectives. The employment agreement will continue for one year and will be automatically extended (without further action by the parties) for one year thereafter and again on each subsequent anniversary thereof, unless notice of non-extension of the term is given by either party.

Mr. Varian has also been awarded stock options to purchase 375,000 shares of the Company's common stock and 288,500 restricted stock units. The foregoing stock options have a maximum term of 10 years and an exercise price of $1.24 per share and will become exercisable in equal monthly installments over the four years after grant. The foregoing restricted stock units entitle Mr. Varian to receive common stock of the Company and vest in increments over a period of approximately three years.

Mr. Varian will continue to serve as a member of the Board and will not receive any fees or other remuneration or be awarded any stock options, restricted stock units or shares of common stock for his services as such.

Mr. Varian has also entered into a change of control severance agreement with the Company that may require the Company to make certain payments and/or provide certain benefits to him in the event of a termination of employment or a change of control, on terms (including with respect to the definition of change of control, option acceleration and an outplacement program) that are substantially similar (except as described herein) to those of the change of control severance agreements entered into by the Company's named executive officers as described in the Company's proxy statement for its 2011 annual general meeting of shareholders. Pursuant to this agreement, if Mr. Varian's employment is involuntarily terminated within one month prior

to signing an agreement for a change of control or 18 months after a change of control, then (i) he shall be entitled to receive a severance payment equal to the sum of (A) an amount equal to two times his annual base salary as in effect immediately prior to the involuntary termination, plus (B) an amount equal to two times his target bonus as in effect for the fiscal year in which the involuntary termination occurs, provided that if Mr. Varian has been an officer of the Company for less than one year at the time of termination, then his severance pay will be limited to an amount equal to his annual base salary as in effect immediately prior to the involuntary termination, and (ii) for a period of 24 months following such termination, the Company shall make available and pay for the full cost of the coverage of Mr. Varian and his spouse and eligible dependents under any group health plans of the Company on the date of such termination of employment at the same level of health (i.e., medical, vision and dental) coverage and benefits as in effect for him or such covered dependents on the date immediately preceding the date of his termination.

On January 5, 2012, the Company issued the press release attached hereto as Exhibit 99.1, regarding Mr. Varian's appointment.

Item 8.01. Other Events.

On January 5, 2012, the Company issued the press release attached hereto as Exhibit 99.2, regarding a streamlining of the Company's operations.

Item 9.01. Financial Statements and Exhibits.

99.1. Press Release dated January 5, 2012, regarding appointment of Chief Executive Officer.

99.2. Press Release dated January 5, 2012, regarding streamlining of operations.

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: January 6, 2012

XOMA CORPORATION

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

EXHIBIT INDEX

Number	Description
99.1.	Press Release dated January 5, 2012, regarding appointment of Chief Executive Officer.
99.2.	Press Release dated January 5, 2012, regarding streamlining of operations.

Exhibit 99.1

[Press Release]

XOMA Appoints John Varian as Chief Executive Officer

Berkeley, CA – January 5, 2012 – XOMA Corporation (Nasdaq: XOMA) today announced its Board of Directors has appointed John Varian as Chief Executive Officer. Mr. Varian has been serving as the Interim Chief Executive since August 31, 2011, and has been a member of the Board since December 2008. The Board's decision followed a full executive search, which identified several additional qualified candidates.

"We have confidence that John is the right leader as XOMA transitions from a purely discovery and development-focused entity to one with a commercial capability. We have seen a significant difference in how XOMA's team is operating under John's leadership. He led the conversations to identify ways to increase the value of gevokizumab, which resulted in a thoughtful development plan that is grounded in the scientific evidence supporting IL-1 beta's role across a broad range of inflammatory diseases," commented W. Denman Van Ness, Chairman of the Board.

Mr. Varian stated, "I accepted the position as Interim Chief Executive to manage XOMA's operations temporarily until we identified a permanent leader for the Company. In these ensuing four months, I have developed a deep-seated excitement for XOMA, its products, its science, its people, and their ideas on how to ensure the Company has the opportunity to become a full-fledged commercial organization. I believe XOMA is only a few short years away from attaining real success, and I decided I wanted to be a major part of that process.

"We have multiple goals to achieve in 2012. Of greatest near-term importance, we anticipate initiating our global gevokizumab Phase 3 program in non-infectious uveitis, including Behçet's uveitis, in the second quarter of 2012. We expect to complete our Phase 2 proof-of-concept trial of gevokizumab in moderate to severe acne as part of our plan to pinpoint additional indications that can expand the commercial opportunities for our lead drug candidate. This program will be expanded in 2012 when we launch two additional proof-of-concept studies for gevokizumab. These goals are aligned fully with our strategy to maximize the potential of XOMA's flagship product, pursue discovery-based opportunities, and establish XOMA as a U.S. commercial presence."

About Gevokizumab

Gevokizumab (XOMA 052) is a potent monoclonal antibody with the potential to treat patients with a wide variety of inflammatory diseases and other diseases. Gevokizumab binds strongly to interleukin-1 beta (IL-1 beta), a pro-inflammatory cytokine that has been shown to be involved in Behçet's and other forms of non-infectious uveitis, cardiovascular disease, and other auto-inflammatory diseases. By binding to IL-1 beta, gevokizumab inhibits the activation of the IL-1 receptor, thereby modulating the cellular signaling events that produce inflammation.

Les Laboratoires Servier is XOMA's development and commercialization partner for gevokizumab. XOMA holds rights to gevokizumab in the U.S. and Japan for non-cardiovascular indications, including non-infectious uveitis and acne for which clinical studies are ongoing.

About XOMA

XOMA is a leader in the discovery and development of novel antibody therapeutics. The Company's lead drug candidate is gevokizumab (XOMA 052), a humanized antibody that binds to the inflammatory cytokine interleukin-1 beta, or IL-1 beta. XOMA's proprietary product pipeline also includes antibodies against botulinum toxins, led by XOMA 3AB, a novel combination of three antibodies to prevent and treat botulism poisoning caused by exposure to botulinum neurotoxin Type A. The Company's preclinical pipeline includes candidates in development for autoimmune, cardio-metabolic, inflammatory and oncological diseases. Among these are two new classes of fully human monoclonal antibodies that activate (XMetA) or sensitize (XMetS) the insulin receptor in vivo, which represent distinct new therapeutic approaches to the treatment of patients with diabetes.

XOMA has a premier antibody discovery and development platform that incorporates an unmatched collection of antibody phage display libraries and proprietary optimization and expression and manufacturing technologies that it uses for its own pipeline and in collaborations with pharmaceutical and biotechnology companies. XOMA is headquartered in Berkeley, California. For more information, please visit www.xoma.com.

Forward-Looking Statements

Certain statements contained herein concerning anticipated timing of initiation of clinical trialsor 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.

Among other things, the timing of initiation of clinical trials may be delayed or may never occur as a result of actions or inaction by regulators or present or future collaboration partners, complications in the design, implementation or third-party approval of clinical trials or unanticipated safety issues.

These and other risks, including those related to the generally unstable nature of current economic and financial market conditions; the results of discovery and 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 or licensing

relationships; the ability of collaborators, licensees and other third parties to meet their obligations and their discretion in decision-making; XOMA's ability to meet the demands of the United States government agency with which it has entered into its government contracts; competition; market demand for products; scale-up, manufacturing and marketing capabilities; availability of additional licensing or collaboration opportunities; international operations; share price volatility; XOMA's financing needs and opportunities; uncertainties regarding the status of biotechnology patents; and uncertainties as to the costs of protecting intellectual property, are described in more detail in XOMA's most recent filing on Form 10-K and in other SEC filings. Consider such risks carefully when considering XOMA's prospects.

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Exhibit 99.2

[Press Release]

XOMA Streamlines Operations to Invest in Value-Creating Activities

Berkeley, CA – January 5, 2012 – XOMA Corporation (Nasdaq: XOMA) today announced it has implemented significant organizational and structural changes that are designed to sharpen the Company's focus on value-creating opportunities led by gevokizumab (XOMA 052) and the Company's unique antibody discovery and development capabilities.

XOMA plans to reduce personnel by 84 positions, or 34%, including 50 positions to be eliminated immediately and the remainder by the end of the first quarter of this year. The staff reductions result primarily from the Company's decisions to utilize a contract manufacturing organization for Phase 3 and commercial production and to eliminate internal research functions that are non-differentiating or that can be obtained cost-effectively by contract service providers. XOMA anticipates taking one-time charges for restructuring and related severance costs totaling approximately $6.0 million during 2012, of which $3.9 million will result in cash charges. In the first quarter of 2012, the Company expects to take a charge of approximately $3.6 million.

As a result of these changes, XOMA expects to reduce ongoing net internal spending by approximately $14 million in 2012 compared to the 2011 level. This reduction in fixed costs allows investment of a similar amount into gevokizumab's clinical development during 2012. These investments are variable costs and include the planned Phase 3 studies in non-infectious uveitis, initial external manufacturing technology transfer, as well as the recently announced multiple Phase 2 proof-of-concept clinical trials. While a large portion of the Company's historical manufacturing costs have been reimbursed under its collaborations with partners and biodefense contracts, these changes reduce the financial exposure in future periods when contracts may not be in place.

"We are streamlining XOMA's operations in order to focus on our key near-term value driver, gevokizumab, and to drive our discovery science toward development of value-creating products and technologies," stated John Varian, Chief Executive Officer. "We anticipate our global gevokizumab Phase 3 program in non-infectious uveitis, including Behçet's uveitis, will begin in the second quarter of 2012. We also have begun enrolling patients in our Phase 2 proof-of-concept trial of gevokizumab in moderate to severe acne as part of our plan to pinpoint additional indications that can expand the commercial opportunities for our lead drug candidate. Our strategy is to maximize the potential of XOMA's flagship product, pursue discovery-based opportunities, and establish a U.S. commercial presence."

The details of the organizational changes are as follows:

- XOMA intends to utilize a globally recognized contract manufacturing organization (CMO) with operations in the U.S. and the E.U. for Phase 3 and commercial production of XOMA products. XOMA and its partner Servier jointly made this decision. The decision to outsource large-scale manufacturing activities will significantly reduce XOMA's future capital requirements by eliminating approximately $13 million that would have been required to build and maintain commercial manufacturing capabilities. The Company will retain its existing pilot facility and internal resources to manufacture Phase 1 and 2 product supplies and conduct early and mid-stage clinical trials in order to speed research and to enhance partnering potential. Ongoing large-scale manufacturing operations are expected to be completed in the second quarter of this year. The Company will not renew its existing lease on its 31,000-square-foot manufacturing facility when it expires in 2013.

- XOMA will complete the biodefense contracts it has in place, but it will not actively pursue future contracts. The Company has determined the potential for stockpiling grants from the U.S. government has declined even though the need remains for novel medical countermeasures for bioterror threats. The infrastructure costs required for expanded biodefense activities without the certainty they would be paid for warrant completing the contracts that are in place but do not warrant further active pursuit.

- XOMA will maintain its unique discovery and preclinical research expertise while using external resources on an as-needed basis for routine research activities. Future internal programs will focus on applying XOMA's expertise for the discovery of allosteric modulating antibodies for therapeutic targets that cannot be addressed by traditional blocking or neutralizing antibodies, including orphan indications. The Company also will continue work on its ADAPT™ integrated display platform, which facilitates antibody discovery and rapid characterization.

- Reflecting the needs of the streamlined organization, the Company's general and administrative costs are expected to be reduced by approximately 20 percent.

"It is very difficult to let go of talented, hard-working people, particularly in these difficult times. The Board, the executive team, and I would like to thank each of the affected staff for their dedication to XOMA and for the contributions they have made to the Company," Mr. Varian concluded.

Guidance

XOMA will not be providing specific guidance on overall revenues or cash receipts for 2012 so as to best manage its ongoing business development discussions and other activities. The Company currently anticipates cash used in ongoing operating activities in 2012 to be approximately $35 million.

About Gevokizumab

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XOMA has a premier antibody discovery and development platform that incorporates an unmatched collection of antibody phage display libraries and proprietary optimization and expression and manufacturing technologies that it uses for its own pipeline and in collaborations with pharmaceutical and biotechnology companies. XOMA is headquartered in Berkeley, California. For more information, please visit www.xoma.com.

Forward-Looking Statements

Certain statements contained herein concerning anticipated timing of initiation of clinical trials, expected cash and non-cash restructuring charges, anticipated reductions in internal spending and general and administrative costs, and anticipated levels of cash utilization, 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.

Among other things, the timing of initiation of clinical trials may be delayed or may never occur as a result of actions or inaction by regulators or present or future collaboration partners, complications in the design, implementation or third-party approval of clinical trials or unanticipated safety issues; the timing of certain charges will depend among other things on when certain facilities are vacated; anticipated reductions in internal spending and general and administrative costs may be other than as expected due to, or offset by expenditures relating to, changes in XOMA's research and development programs or other businesses or increased costs associated therewith; and anticipated levels of cash utilization may be other than as expected due to unavailability of additional licensing or collaboration opportunities, inability to obtain the services of contract manufacturing or service providers on anticipated terms, higher than expected costs for clinical trials, outsourced manufacturing or other services, the effects of the pace of development spending in light of the terms of XOMA's existing collaboration arrangements, or unanticipated changes in XOMA's research and development programs or other businesses.

These and other risks, including those related to the generally unstable nature of current economic and financial market conditions; the results of discovery and 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 or licensing relationships; the ability of collaborators, licensees and other third parties to meet their obligations and their discretion in decision-making; XOMA's ability to meet the demands of the United States government agency with which it has entered into its government contracts; competition; market demand for products; scale-up, manufacturing and marketing capabilities; availability of additional licensing or collaboration opportunities; international operations; share price volatility; XOMA's financing needs and opportunities; uncertainties regarding the status of biotechnology patents; and uncertainties as to the costs of protecting intellectual property, are described in more detail in XOMA's most recent filing on Form 10-K and in other SEC filings. Consider such risks carefully when considering XOMA's prospects.

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