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 11, 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	94710
(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 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Effective January 11, 2012, XOMA Corporation ("XOMA") and Les Laboratoires Servier ("Servier") entered into an amended and restated agreement for the commercialization in the United States of ACEON® (perindopril erbumine), an angiotensin converting enzyme, or ACE, inhibitor, and the development and commercialization in the United States of up to three products combining perindopril with other cardiovascular drugs in fixed-dose combinations, or FDCs. This agreement, together with a related trademark license agreement, provides XOMA with exclusive U.S. rights to ACEON® and the first FDC product, which combines perindopril and amlodipine, a calcium channel blocker, and options on two additional FDCs. Under the arrangement, Servier will provide relevant data, patent rights and know-how to XOMA, and XOMA will use diligent efforts to transition ACEON® from its current marketer and maintain ACEON® sales, as well as to develop and commercialize the first FDC product and, if its options are exercised, the additional FDCs. The arrangement also provides that Servier will supply XOMA, and XOMA will purchase exclusively from Servier, the active ingredients in ACEON® and the FDCs, in some cases for a limited period.

In connection with this arrangement, XOMA paid a $1.5 million license fee to Servier in the third quarter of 2010. XOMA is also required to pay a royalty on sales of ACEON® at a rate which is tiered based on sales levels and ranges from a mid-single digit to up to a mid-teen percentage rate and a royalty on sales of the FDCs in the mid-teens. The FDC royalty rate is subject to reduction in the event of generic competition or if other intellectual property rights are required. Potential milestones payable by XOMA include development milestones aggregating $8.5 million (assuming XOMA's options on the additional FDCs are exercised) and sales milestones of up to an aggregate $15.1 million, in each case for all of the FDCs. XOMA may also be required to make certain additional payments if the FDCs receive FDA approval but certain minimum sales levels are not reached. XOMA will generally be responsible for its development and commercialization expenses, but Servier has agreed to partially fund development of the first FDC product.

By its terms, the arrangement, including XOMA's obligation to pay royalties and/or development and sales milestones, will continue until the later of July of 2018 or the expiration of the last-to-expire Servier patent licensed to XOMA under the arrangement, unless earlier terminated. The agreement contains customary termination rights relating to matters such as material breach by either party, insolvency of either party and safety issues. Each party also has the right to terminate the arrangement if the first FDC product does not receive FDA approval by December 31, 2013. Servier also has the right to terminate the arrangement if certain aspects of XOMA's commercialization strategy are not successful and Servier does not consent to an alternative strategy or, as to the FDCs, if XOMA breaches its obligations to certain of its service providers.

Item 9.01. Financial Statements and Exhibits.

99.1. Press Release dated January 17, 2012.

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 17, 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 17, 2012.

[Press Release]

XOMA Acquires U.S. Rights to Perindopril Franchise and Establishes Commercial Operations

Berkeley, CA – January 17, 2012 –XOMA Corporation (Nasdaq: XOMA) today announced it has acquired U.S. rights to the perindopril franchise from Les Laboratoires Servier, XOMA's partner for its lead product candidate, gevokizumab (formerly XOMA 052). The agreement includes the branded product ACEON® (perindopril erbumine), a currently marketed angiotensin converting enzyme (ACE) inhibitor, and a portfolio of three fixed-dose combination product candidates where perindopril is combined with other active ingredient(s), such as a calcium channel blocker. The proprietary form of perindopril in each of the combination products provides patent protection until 2023. XOMA plans to assume commercialization activities for ACEON on January 23, 2012, following the transfer from Servier's previous licensee.

"We have been consistent in articulating our commitment to establishing a commercial capability in order to derive appropriate value from XOMA's products. By acquiring the U.S. rights to ACEON, we meet that objective immediately, and we further deepen our relationship with Servier. The capabilities and components required to sell $2 to $3 million worth of ACEON currently are not significantly different than what is required to sell a substantially greater volume of product(s)," stated John Varian, Chief Executive Officer of XOMA. "We have the commercial infrastructure in place that allows us to continue to deliver ACEON to patients, with a margin to XOMA. We do not intend to actively promote ACEON.

"With our partner, we will evaluate the best plan forward for the development of the fixed-dose combination products in the U.S., including financial arrangements to support such development," Mr. Varian added. "Servier's clinical and commercial expertise has made perindopril a highly successful franchise outside the U.S. with sales of over $1.2 billion in 2011. Perindopril is used widely in the treatment of hypertension, with significant clinical outcomes evidence generated by numerous positive morbidity and mortality trials. We intend to work closely with Servier to create new commercial opportunities within the U.S. market."

The Company reaffirmed its guidance that XOMA anticipates that its cash utilization from ongoing activities will be approximately $35 million in 2012.

About ACEON

ACEON is indicated for the treatment of patients with essential hypertension. ACEON may be used alone or given with other classes of antihypertensives, especially thiazide diuretics. In clinical studies, the most common adverse events (incidence greater than or equal to 5%) were cough, dizziness and back pain.

ACEON is indicated for treatment of patients with stable coronary artery disease to reduce the risk of cardiovascular mortality or nonfatal myocardial infarction. ACEON can be used with conventional treatment for management of coronary artery disease, such as antiplatelet, antihypertensive or lipid-lowering therapy. In clinical studies, the most common adverse events leading to discontinuation were cough, drug intolerance, and hypotension.

Perindopril erbumine has been available as a generic product in the U.S. since 2009.

IMPORTANT SAFETY INFORMATION

Boxed Warning

WARNING: AVOID USE IN PREGNANCY

When pregnancy is detected, discontinue ACEON as soon as possible. Drugs that act directly on the renin-angiotensin system can cause injury to or death of the developing fetus.

Contraindications

ACEON is contraindicated in patients known to be hypersensitive (including angioedema) to this product or to any other ACE inhibitor.

ACEON is also contraindicated in patients with hereditary or idiopathic angioedema.

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 the assumption of commercialization activities, continued sales of approved products, creation of commercial opportunities, regulatory approval of unapproved product candidates, the financial impact of product sales 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 the assumption of commercialization activities may be other than as anticipated due to actions or inaction by third parties currently marketing the product, supplying the product or providing other services; continued sales of approved products and the ability to create commercial opportunities may be impacted by XOMA's ability to implement its marketing efforts, competition or unanticipated safety issues; regulatory approval of unapproved product candidates may be affected by the results of future clinical trials, actions or inaction by the FDA or unanticipated safety issues; the financial impact of product sales may be other than as anticipated due to lower than expected sales of product or higher than expected costs of sales; 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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