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

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**FORM 8-K**

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**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 7, 2019**

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**XOMA CORPORATION**

(Exact name of registrant as specified in its charter)

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**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.)

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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.

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**Item 7.01. Regulation FD Disclosure.**

Beginning on January 7, 2019, XOMA Corporation (the “Company”) will participate in conferences with investors and analysts during the 37th Annual JP Morgan Healthcare Conference in San Francisco, California. A copy of the Company’s presentation materials has been posted to the Company’s website and is attached hereto as Exhibit 99.1.

*Limitation of Incorporation by Reference*

In accordance with General Instruction B.2. of Form 8-K, this information, including the Exhibit, is furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Item 7.01 of this Current Report on Form 8-K will not be deemed an admission as to the materiality of any information that is required to be disclosed solely by Regulation FD.

*Cautionary Statements*

This filing and the presentation include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could impair the Company’s royalty assets or business are disclosed in the “Risk Factors” contained in the Company’s 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 7, 2018, and updated in subsequent filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 [Presentation](#)

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**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 7, 2019

XOMA CORPORATION

/s/ Thomas Burns

Thomas Burns  
Senior Vice President, Finance and Chief Financial Officer



# CORPORATE PRESENTATION

JANUARY 2019

WITH OVER 35 YEARS OF DISCOVERY  
ACTIVITY, XOMA CURRENTLY HAS OVER  
THREE DOZEN PARTNERED AND FULLY-  
FUNDED ASSETS WITH THE POTENTIAL TO  
DRIVE MILESTONE AND ROYALTY PAYMENTS,  
ALONG WITH MULTIPLE ADDITIONAL  
PROGRAMS READY FOR OUT-LICENSING



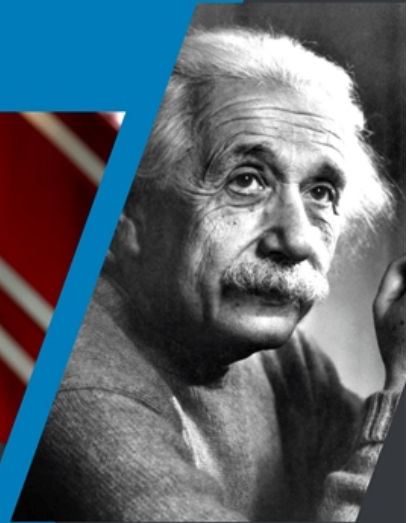
## FORWARD-LOOKING STATEMENTS

Certain statements in this presentation 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: future monetization opportunities, active transactions with significant financial implications, collaborations poised for significant financial contribution, our library of potentially value-generating assets, future potential for milestone and royalty payments, the potential of our antibody discovery engine, potential out-licensing of our internal compounds and products, the ability of our partners and their licensees to successfully develop their pipeline programs, the productivity of acquired assets, our revenue forecasts, upcoming internal milestones and value catalysts, our future cash needs, our strategy for value creation, and other statements that relate to future periods. These statements are not guarantees of future performance and undue reliance should not be placed on them. They 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 and for companies engaged in the development of new products in a regulated market. Potential risks to XOMA meeting

these expectations 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. Any forward-looking statements represent XOMA's views only as of the date of this presentation 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 law.

# WHAT DO THESE TWO GENIUSES HAVE IN COMMON?

(and why is  
XOMA talking  
about them?)



# WARREN BUFFET'S MODEL

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## BUY & BUILD

Buy good companies with good management teams who know how to grow their business

## BUY & HOLD

The principle of compound growth

# XOMA'S MODEL: BUILD & HOLD AND BUY & HOLD

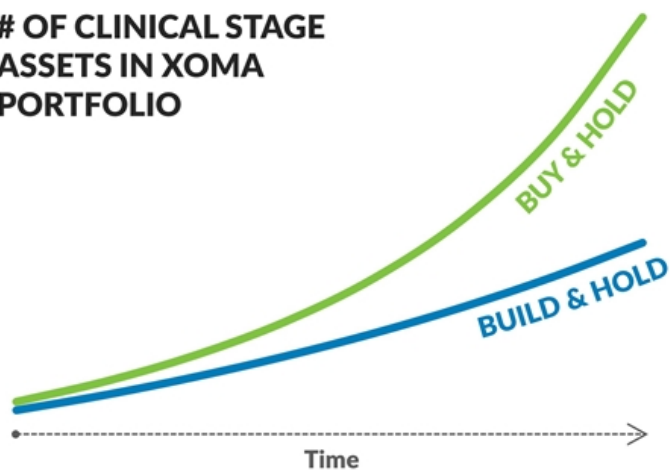
## BUILD & HOLD

Allow **current portfolio** of assets to advance, fully-funded by Partners; hold royalty payment rights

## BUY & HOLD

Acquire rights to **additional** potential milestone & royalty assets

# OF CLINICAL STAGE  
ASSETS IN XOMA  
PORTFOLIO





# XOMA'S MODEL



## **BUILD & HOLD**

ALLOW CURRENT PORTFOLIO OF ASSETS TO ADVANCE, FULLY-FUNDED BY PARTNERS; HOLD MILESTONE & ROYALTY PAYMENT RIGHTS

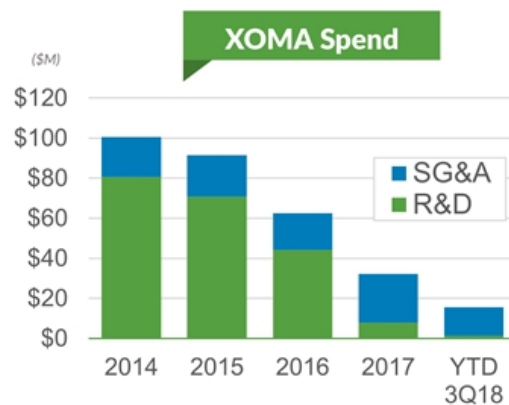


## **BUY & HOLD**

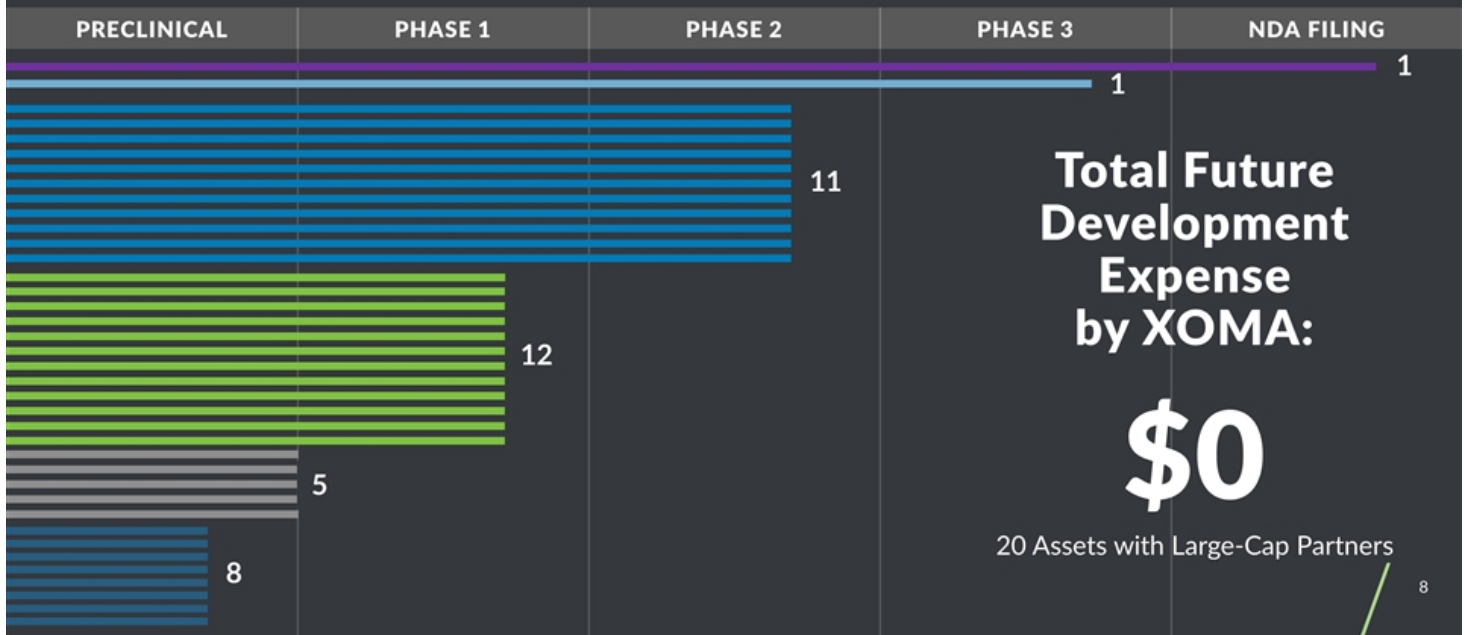
ACQUIRE MILESTONE AND ROYALTY RIGHTS TO ADDITIONAL FULLY-FUNDED ASSETS

# BUILD & HOLD ELEMENT REQUIRES 2 THINGS

1. **PATIENCE** TO PROVIDE TIME FOR UNDERLYING DRUG ASSETS TO ADVANCE THROUGH THE LONG YEARS OF DISCOVERY, DEVELOPMENT AND APPROVAL
2. A **LEAN INFRASTRUCTURE** TO MINIMIZE COSTS



# 38 BUILD & HOLD PARTNERED ASSETS



## BUILD & HOLD PUBLICLY DISCLOSED DEAL TERMS

YEAR	COMPANY	ASSET PHASE OF DEVELOPMENT	UPFRONT	POTENTIAL MILESTONES	ROYALTY %
2005	Novartis	CFZ533 (Anti-CD40) Phase 2	\$16.2M (+\$7.5M debt reduction)	\$14M	High single digits- low teens
2009	Takeda	Phage display & Ab technologies Early Stage	Undisclosed	\$230M	Undisclosed
2015	Novartis	Anti-TGFβ Phase 1	\$37.5M	\$480M	Mid single digits - low teens
2015	FivePrime	Phage display library Early Stage		Undisclosed	Single-digit
2016	Ology Bioservices	Anti-botulinum program Phase 2		Undisclosed	15%
2017	Novartis	Gevokizumab IL-1β Phase 1	\$31M \$5M (XOMA stock) €12M debt repayment	\$438M	High single digits - mid teens
2017	Rezolute	XOMA 358 Phase 2	\$5M (Rezolute stock)	\$232M	High single digits - mid teens

# NOVARTIS' EXPANSIVE DEVELOPMENT OF ANTI-CD40

INDICATION	PHASE	STATUS	STUDY SIZE	START DATE
Primary Sjogren's Syndrome	2	Recruiting	66	11/14
Lupus Nephritis	2	Recruiting	60	8/18
System Lupus Erythematosus	2	Not yet recruiting	120	9/18
Kidney Transplant	2	Not yet recruiting	325	9/18
Liver Transplant	2	Not yet recruiting	128	12/18
Graves' Disease	2	Completed	15	
Moderate to Severe Myasthenia Gravis	2	Completed	44	
de Novo Renal Transplantation	1/2	Completed	59	
Rheumatoid Arthritis	1	Completed	75	

# NOVARTIS' EXPANSIVE DEVELOPMENT OF ANTI-CD40

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Lupus Nephritis				8/18
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Liver Transplant				12/18
Graves' Disease				
Moderate to Severe Myasthenia				
de Novo Renal Transplantation	1/2	Completed	59	
Rheumatoid Arthritis	1	Completed	75	



# 2 XOMA ASSETS HIGHLIGHTED AS POTENTIAL BLOCKBUSTERS BY NOVARTIS AT NOV 2018 R&D UPDATE



**60 major<sup>1</sup> submissions expected 2019-2021.  
26 potential blockbusters<sup>2</sup> in pipeline**

**Potential blockbusters**

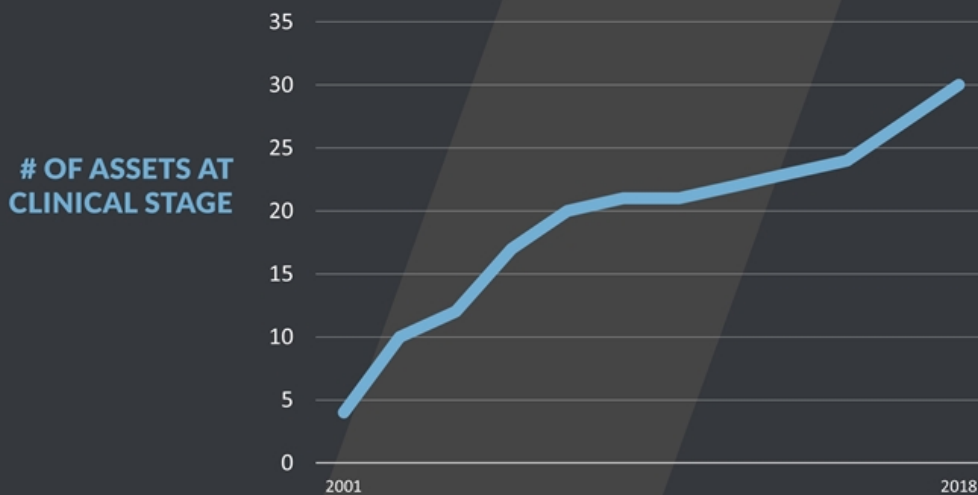


**XOMA Royalty Rate:  
Mid single digits to  
low teens**

1. Submissions in US, Europe and Japan 2. Individual assets with expected peak sales >USD 1bn 3. Including other potential indications 4. Assets in confirmatory development Endocyte assets not included



# XOMA'S PARTNERED ASSETS HAVE PROGRESSED TO CLINICAL STAGE AT 13% ANNUAL GROWTH RATE SINCE 2001





# XOMA'S MODEL



## **BUILD & HOLD**

ALLOW CURRENT PORTFOLIO OF ASSETS TO ADVANCE, FULLY-FUNDED BY PARTNERS;  
HOLD ROYALTY PAYMENT RIGHTS



## **BUY & HOLD**

ACQUIRE MILESTONE & ROYALTY RIGHTS  
TO ADDITIONAL FULLY-FUNDED ASSETS

# XOMA'S BUY & BUILD MODEL IS DESIGNED FOR OUR INDUSTRY



Biotech  
Industry  
Characteristics

LONG  
PRODUCT  
LIFE CYCLES

HIGH  
CAPITAL  
REQUIREMENTS

LOW  
PROBABILITY  
OF SUCCESS

XOMA  
Royalty  
Aggregator  
Strategy









Build & hold  
for long-term  
Buy & hold  
for long-term

Development  
costs borne  
by partners

Large diversified  
portfolio helps  
mitigate single asset  
risk

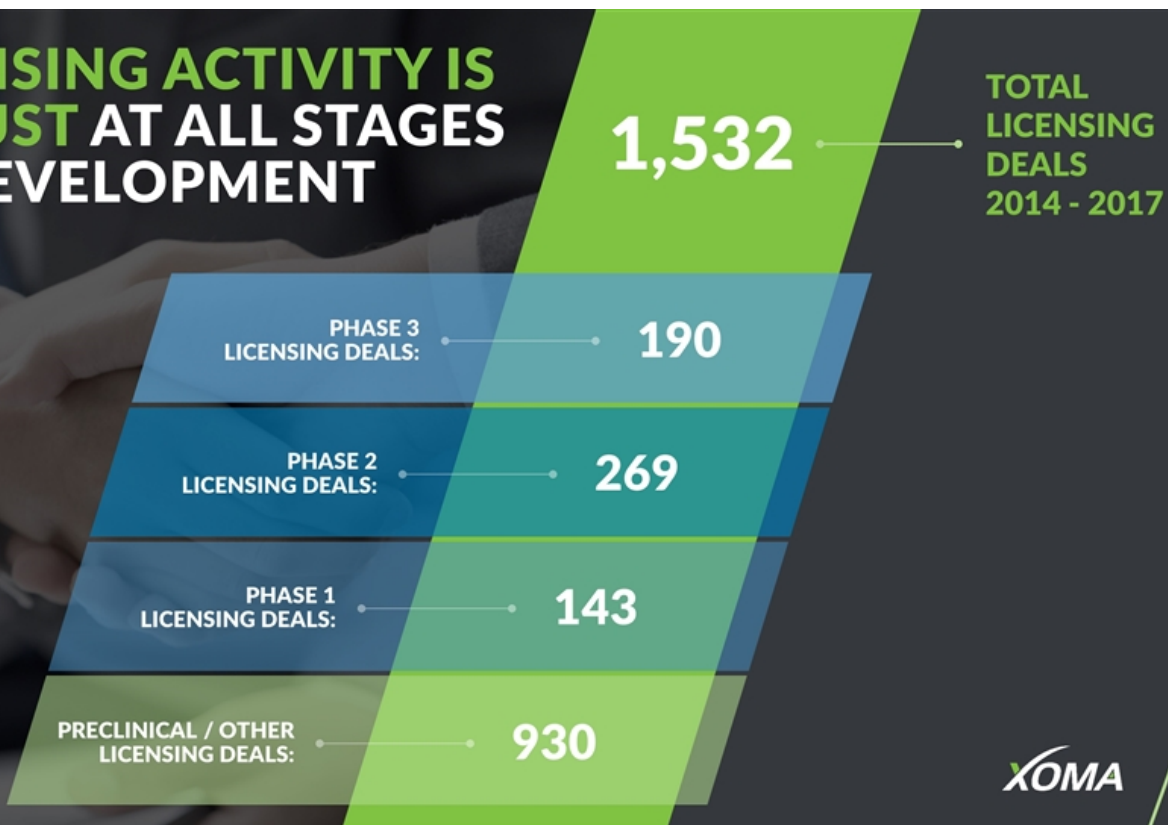


# DRUG DEVELOPMENT TAKES A LONG TIME AND IS CAPITAL INTENSIVE

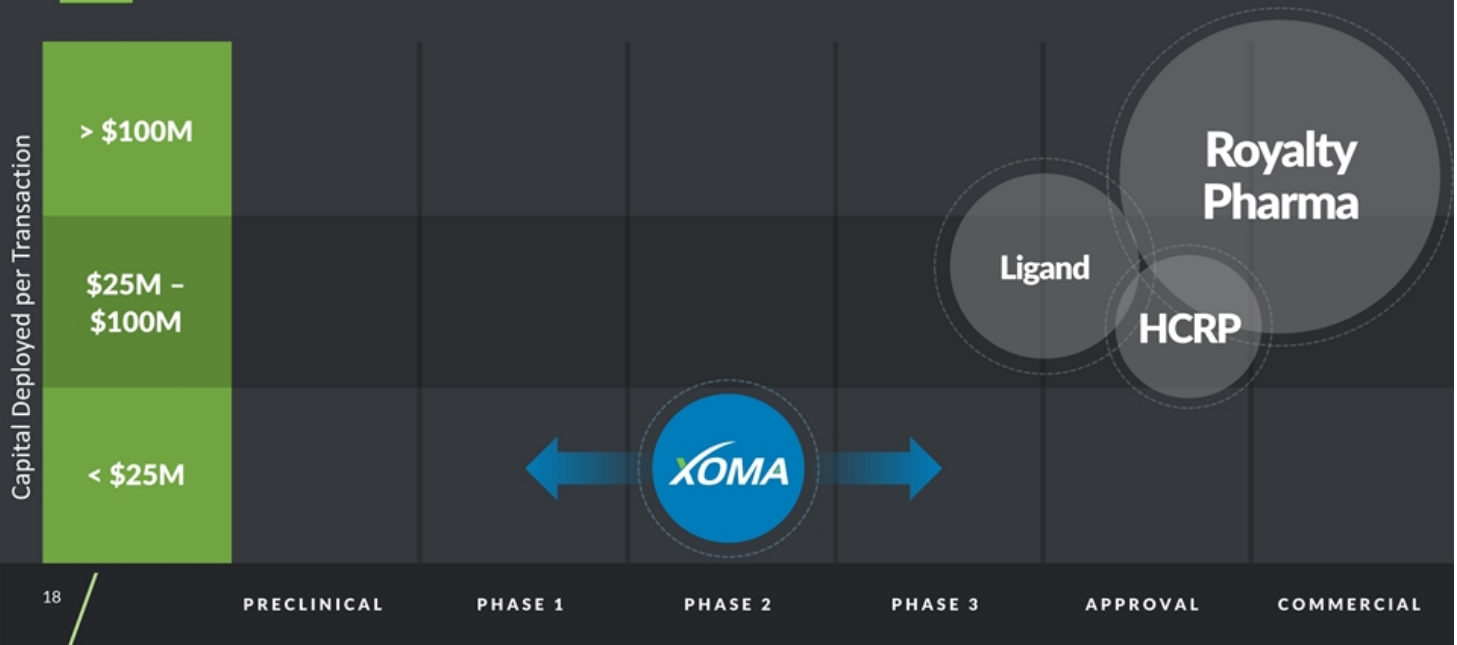
	AVG. TIME TO CONDUCT (MONTHS)	AVG. \$ TO FUND	CUMULATIVE PROB. OF SUCCESS
PHASE 3	31 	 \$210M	<b>50%</b>
PHASE 2	26 	 \$45M	<b>16%</b>
PHASE 1	22 	 \$30M	<b>10%</b>
PRECLINICAL	37 	 \$3M	<b>5%</b>

Sources: Dimasi, Hansen & Grabowski, 2003, Tufts University; Hay, Rosenthal, Thomas & Craighead, 2011, Biomedtracker

# LICENSING ACTIVITY IS ROBUST AT ALL STAGES OF DEVELOPMENT



# XOMA IS POSITIONED TO MONETIZE ROYALTIES ON MID- TO EARLY STAGE CLINICAL ASSETS



## EXAMPLES OF OPPORTUNITIES XOMA WILL TARGET

### BIOTECH 'X'

Seeks non-dilutive funding to take an additional program into clinical development to diversify risk



### BIOTECH 'Y'

Seeks funding to hold lead program to participate in next value inflection point

## KEY ATTRIBUTES OF XOMA TARGET ASSETS

R<sub>x</sub>

### PRE-COMMERCIAL THERAPEUTIC ASSETS

Phase 1, 2, or 3

31

### LONG DURATION OF MARKET EXCLUSIVITY

Patent expiration or regulatory exclusivity

\$

### HIGH REVENUE POTENTIAL

High unmet need or clear clinical benefit over alternatives

↑

### STRONG DEVELOPER/MARKETER

Assets partnered with high-quality pharma/  
biopharma companies

# XOMA'S FIRST ROYALTY MONETIZATION TRANSACTION - **AGENUS**

**7**

Assets with  
Large-Cap Partners

**33%**

Royalty  
Interest

**10%**

of Future  
Milestones

**100%**

Immuno-Oncology  
Focus

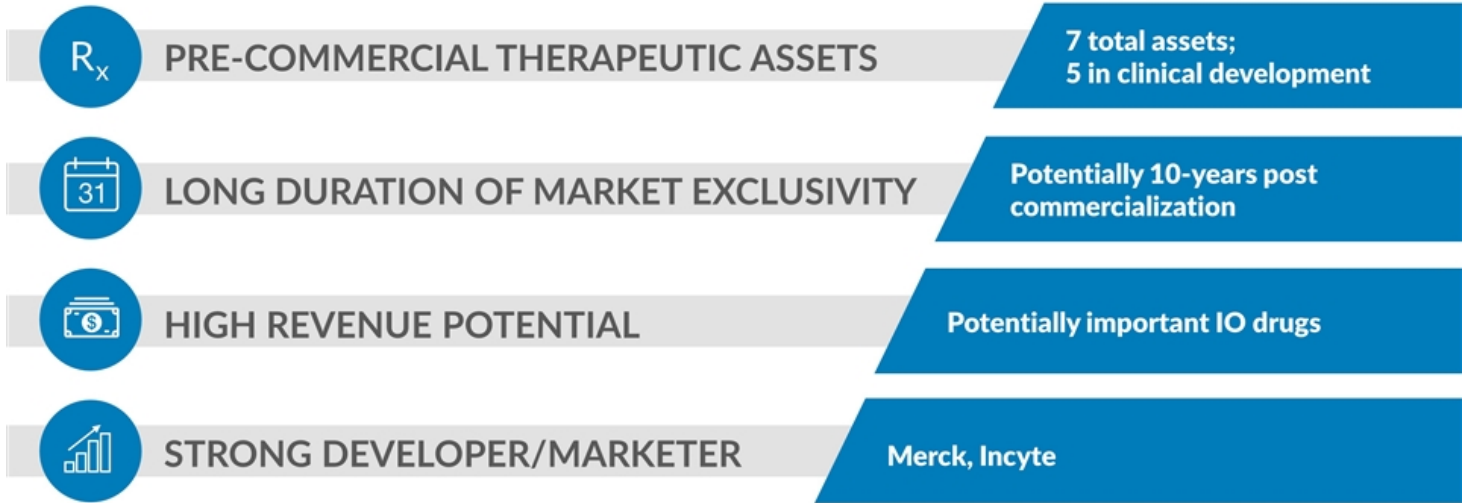
**Total Investment by XOMA:**

**\$15M**

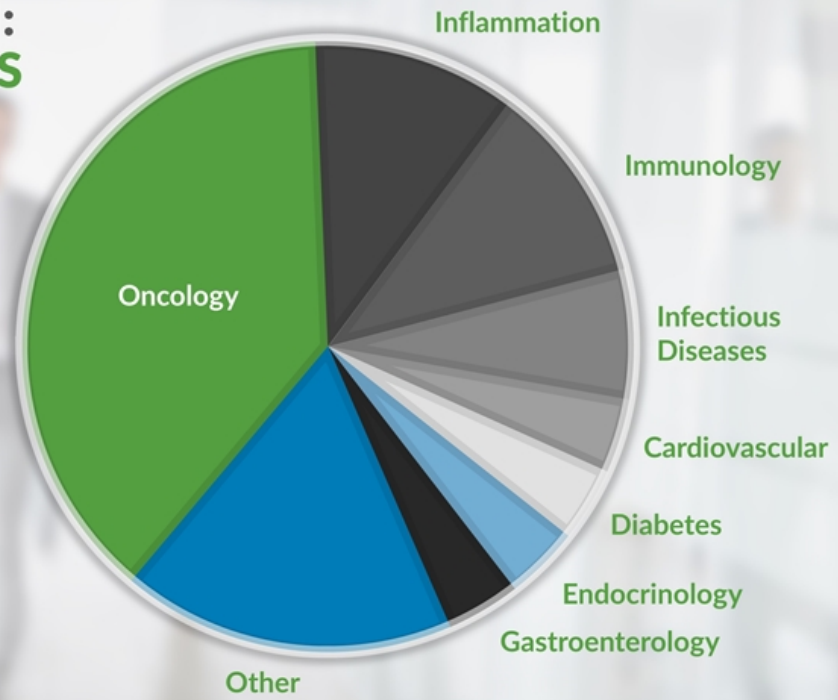
**XOMA**



# AGENUS TRANSACTION HITS ALL KEY ATTRIBUTES OF XOMA TARGET ASSETS



# DIVERSIFICATION: 45 ASSETS ACROSS 9+ THERAPEUTIC CATEGORIES



# XOMA'S MODEL IS **DISTINCTIVE**

Typical Small/  
Mid-Cap Biotech



PORTFOLIO SIZE

1 - 3 assets

45 assets

PORTFOLIO FOCUS

Narrow

Diversified

PROBABILITY OF AN APPROVAL

Low

High

RISK : RETURN POTENTIAL

High : High

Low : Mid / High

CAPITAL

User

Provider

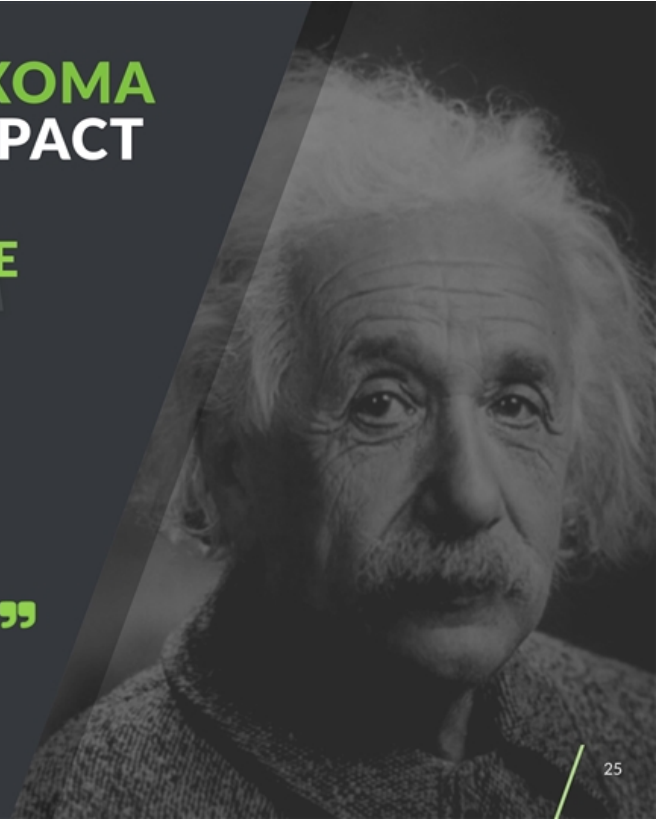
# WHAT TO EXPECT FROM XOMA COMPOUND GROWTH IMPACT

“**COMPOUND INTEREST IS THE  
EIGHTH WONDER OF THE  
WORLD.**

**HE WHO UNDERSTANDS  
IT ... EARNS IT.**

**HE WHO DOESN'T ... PAYS IT.”**

- Albert Einstein



# XOMA'S MODEL: BUILD & HOLD AND BUY & HOLD – COMPOUND GROWTH PRINCIPLE

## BUILD & HOLD

Allow **current portfolio** of assets to advance, fully-funded by Partners; hold milestone & royalty payment rights

## BUY & HOLD

Acquire rights to **additional** potential milestone & royalty assets

**38** ASSETS

**7** ASSETS

**TOTAL:**  
**45**  
ASSETS

# 2018 OPERATIONAL RESULTS

## BUILD & HOLD

**Allow current portfolio  
to continue to advance  
in hands of partners**

- Completed \$20M Rights Offering
- Established \$20M LoC with Silicon Valley Bank
- Maintained lean cost infrastructure and financial discipline

## BUY & HOLD

**Expand portfolio of revenue  
opportunities by acquiring new  
potential milestones & royalties**

- Agenus transaction - 7 new royalty interests
  - \$15M investment - \$7.5M in cash / \$7.5M from SVB LoC
  - Merck & Incyte
- Multiple conversations span deal process

**XOMA**

# A VIEW OF MARKET POTENTIAL - 45 XOMA ASSETS

## ASSETS BY PROJECTED PEAK SALES POTENTIAL

Royalty Rate at Projected Peak Sales	< \$500M (14 assets)	\$500M - \$1B (11 assets)	≥ \$1B (20 assets)
< 2.5%	10	8	10
2.5% < 7.5%	3	2	7
7.5% - 15%	1	1	3
	2 of 14 with Large-Cap Partners	8 of 11 with Large-Cap Partners	17 of 20 with Large-Cap Partners

- > 40% of assets have sales milestones
- 27 assets are with Large-Cap Partners
- Annual revenue from just one \$750M asset with a 2% royalty would cover XOMA's current operating burn

# XOMA'S MODEL: BUILD & HOLD AND BUY & HOLD

## BUILD & HOLD

Allow **current portfolio** of assets to advance, fully-funded by Partners; hold milestone & royalty payment rights

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# OF CLINICAL STAGE ASSETS IN XOMA PORTFOLIO

