

(Instr. 5)

Incentive Share Option (right to buy)	Â (1)	12/29/2018	Common Shares	645,160	\$ 0.62	D	Â
Non-Qualified Share Option (right to buy)	Â (1)	12/29/2018	Common Shares	154,840	\$ 0.62	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KURLAND FRED C/O XOMA LTD. 2910 SEVENTH STREET BERKELEY, CA 94710	Â	Â	Â VP Finance	Â

Signatures

By: Christopher J. Margolin For: Fred Kurland
Date: 12/30/2008

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exercisable as to (a) 25% of the option shares upon the first anniversary of the date of grant, and (b) the remaining 75% of the option shares in thirty-six (36) equal and consecutive monthly installments beginning one year and one month after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.