

Item 5.02 Compensatory Arrangements of Certain Officers.

Effective October 27, 2011, the Board of Directors of XOMA Ltd. (the “Company”) has granted share options and awarded restricted share units under the Company’s 2010 Long Term Incentive and Share Award Plan (the “Plan”) to officers and directors of the Company. The following sets forth the number of options so granted and units so awarded to each of the executive officers receiving such grants and awards who were named in the Summary Compensation Table of the Company’s 2011 Proxy Statement: Patrick J. Scannon, M.D., Ph.D. (Executive Vice President and Chief Scientific Officer) – 88,345 share options granted and 67,957 restricted share units awarded; Fred Kurland (Vice President, Finance and Chief Financial Officer) – 88,125 share options granted and 67,788 restricted share units awarded; Christopher J. Margolin (Vice President, General Counsel and Secretary) – 88,890 share options granted and 68,377 restricted share units awarded; and Charles C. Wells (Vice President, Human Resources and Information Technology) – 43,742 share options granted and 33,648 restricted share units awarded. In addition, John Varian (Interim Chief Executive Officer) was granted 105,544 share options and awarded 13,495 restricted share units. All of the foregoing share options have a maximum term of 10 years and an exercise price of \$1.69 per share and (a) as to a percentage of such options approximating the percentage of such individual’s outstanding options that are currently exercisable, became exercisable immediately upon grant, and (b) as to the remainder of such options, will become exercisable in equal monthly installments over the two years after grant. All of the foregoing restricted share units entitle the holders thereof to receive common shares of the Company and vest in increments over a period of three years.

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: November 2, 2011

XOMA LTD.

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