Varian John Form 4 January 06, 2012

FORM 4

Check this box

if no longer

subject to

Section 16.

Form 4 or

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

OMB APPROVAL

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Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

(Print or Type Responses)

1(b).

(Last)

1. Title of

Security

(Instr. 3)

1. Name and Address of Reporting Person *

Varian John

2. Issuer Name and Ticker or Trading

Symbol

XOMA LTD /DE/ [XOMA]

(Middle) 3. Date of Earliest Transaction (Month/Day/Year)

01/04/2012

C/O XOMA CORPORATION, 2910 SEVENTH STREET

(First)

(Street) 4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

below)

(Check all applicable)

_X__ Director 10% Owner X_ Officer (give title Other (specify

Director and CEO

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

BERKELEY, CA 94710

(City) (State) (Zip)

(Month/Day/Year)

2. Transaction Date 2A. Deemed

Execution Date, if (Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code (Instr. 8)

Disposed of (D) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following

Reported

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) (Instr. 4)

Ownership (Instr. 4)

(A) Transaction(s) (Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of 3. Transaction Date 3A. Deemed 4. 5. Number of 6. Date Exercisable and 7. Title and Amor Derivative Conversion (Month/Day/Year) Execution Date, if **Transaction**Derivative **Expiration Date** Underlying Secur Security or Exercise Code Securities (Month/Day/Year) (Instr. 3 and 4) any

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)	Acquired (A Disposed of (Instr. 3, 4, 5)	f (D)				
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am Nu
Incentive Share Option (right to buy)	\$ 1.24	01/04/2012		A	330,392		<u>(1)</u>	01/04/2022	Common Shares	33
Non-Qualified Share Option (right to buy)	\$ 1.24	01/04/2012		A	44,608		<u>(1)</u>	01/04/2022	Common Shares	44
Restricted Stock Units	\$ 0	01/04/2012		A	288,500		(2)	(2)	Common Shares	28

Reporting Owners

Reporting Owner Name / Address	Relationships						
<u>.</u>	Director	10% Owner	Officer	Other			
Varian John							
C/O XOMA CORPORATION	X		Director and CEO				
2910 SEVENTH STREET	A Director and CEO						
BERKELEY, CA 94710							

Signatures

By: Christopher J. Margolin For: John

Varian 01/06/2012

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(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) Incentive Stock Option exercisable in conjunction with matching Non-Qualified Stock Option as to forty-eight (48) equal and consecutive monthly installments beginning one month after the date of grant.
- (2) These restricted stock units are scheduled to vest in substantially equal installments annually over three years, with the first installment vesting on November 13, 2012.

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.

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