

Item 8.01. Other Events.

As previously announced, XOMA Ltd. (“we” or “us”) has entered into a Common Share Purchase Agreement dated as of July 23, 2010 (the “Purchase Agreement”) with Azimuth Opportunity Ltd. (“Azimuth”), pursuant to which we maintain a \$30 million equity line of credit facility with Azimuth.

Pursuant to the Purchase Agreement, we presented Azimuth with a draw down notice dated August 3, 2010 to sell up to a specified maximum amount of common shares, subject to the limitations set forth in the Purchase Agreement, and Azimuth agreed to waive the requirement in the Purchase Agreement that at least 5 trading days elapse between pricing periods. As permitted by the Purchase Agreement, the parties subsequently agreed on the specific terms of the draw down.

On August 9, 2010, we expect to settle with Azimuth on the sale of 24,927,161 common shares under the terms of the Purchase Agreement and the negotiated terms referred to above, for a total purchase price of \$6,800,000. We expect to receive net proceeds from the sale of these shares of approximately \$6,655,000 after deducting our estimated offering expenses and placement agent fees. As of August 5, 2010, we had 292,999,502 common shares outstanding.

The foregoing descriptions are qualified in their entirety by reference to the Purchase Agreement, a copy of which is incorporated by reference as Exhibit 10.1 hereto.

Forward Looking Statements

Certain statements contained herein related to the expected settlement of the sale of our common shares described herein and our receipt of net proceeds therefrom, 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, including our ability to satisfy the applicable closing conditions under the Purchase Agreement and Azimuth’s compliance with its obligations to purchase the common shares. Additional risks that could cause actual results to differ are described in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update any forward-looking statements, and we advise you to consult such additional disclosures.

Item 9.01. Exhibits.

5.1. Legal Opinion of Conyers Dill & Pearman Limited

10.1. Common Share Purchase Agreement, dated July 23, 2010, by and between XOMA Ltd. and Azimuth Opportunity Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 23, 2010)

SIGNATURE

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.

Dated: August 6, 2010

XOMA LTD.

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

EXHIBIT INDEX

| Number | Description |
|--------|--|
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