VAN NESS W DENMAN

Form 4

October 24, 2008

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

Check this box

if no longer subject to Section 16.

Form 4 or

Form 5 obligations may continue.

See Instruction 1(b).

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

VAN NESS W DENMAN

2. Issuer Name and Ticker or Trading Symbol

XOMA LTD /DE/ [XOMA]

(First) (Last)

(Middle)

3. Date of Earliest Transaction

(Month/Day/Year) 10/23/2008

C/O XOMA LTD., 2910 SEVENTH STREET

(State)

(Street)

4. If Amendment, Date Original

Filed(Month/Day/Year)

Form filed by More than One Reporting

(I)

(Instr. 4)

6. Ownership

Form: Direct

X Form filed by One Reporting Person

6. Individual or Joint/Group Filing(Check

5. Relationship of Reporting Person(s) to

(Check all applicable)

10% Owner Other (specify

7. Nature of

Ownership

(Instr. 4)

Indirect

(D) or Indirect Beneficial

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

BERKELEY, CA 94710

(City)

Security

(Instr. 3)

1.Title of 2. Transaction Date 2A. Deemed

(Month/Day/Year) Execution Date, if

(Zip)

(Month/Day/Year)

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

(Instr. 3, 4 and 5)

(A)

Following Reported Transaction(s) (Instr. 3 and 4)

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

5. Amount of

Securities

Owned

Beneficially

Issuer

below)

X_ Director

Applicable Line)

Officer (give title

or Code V Amount (D) Price

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

1. Title of Derivative Security

2. Conversion or Exercise

3. Transaction Date 3A. Deemed

(Month/Day/Year) Execution Date, if any

4. 5. Number of TransactionDerivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amour **Underlying Securit** (Instr. 3 and 4)

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| (Instr. 3) | Price of Derivative Security | | (Month/Day/Year) | (Instr. | 8) | Acquired or Dispose (D) (Instr. 3, 4 and 5) | ed of | | | | |
|---|------------------------------------|------------|------------------|---------|----|---|-------|---------------------|--------------------|------------------|---------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amo or Num of Sh |
| Non-Qualified Share Option (right to buy) | \$ 1.58 | 10/23/2008 | | A | | 10,000 | | <u>(1)</u> | 10/23/2018 | Common Shares | 10,0 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | | | | |
|---|---------------|-----------|---------|-------|--|--|--|--|
| • | Director | 10% Owner | Officer | Other | | | | |
| VAN NESS W DENMAN C/O XOMA LTD. 2910 SEVENTH STREET BERKELEY, CA 94710 | X | | | | | | | |

Signatures

By: Christopher J. Margolin For: W. Denman Van Ness 10/24/2008

**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) Exercisable with respect to 1/12th of options in monthly increments beginning 11/23/2008 and ending 10/23/2009.

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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