

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name XOMA Corporation		2 Issuer's employer identification number (EIN) 52-2154066	
3 Name of contact for additional information Denis Quinlan	4 Telephone No. of contact 510-204-7292	5 Email address of contact denis.quinlan@xoma.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2910 Seventh Street		7 City, town, or post office, state, and Zip code of contact Berkeley, CA 94710	
8 Date of action October 17, 2016		9 Classification and description Common Stock	
10 CUSIP number 98419J 10 7	11 Serial number(s) N/A	12 Ticker symbol XOMA	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On October 14, 2016, XOMA Corporation announced that its board of directors approved a 1-for-20 reverse stock split to XOMA shareholders to be effective on October 17, 2016. As a result, every twenty shares of XOMA common stock were exchanged for one share of XOMA common stock as of October 17, 2016.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ As a result of the reverse stock split, the tax basis of each share of XOMA common stock held before the reverse stock split should be multiplied by twenty for purposes of determining the post-split tax basis per share.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See item 15 above.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC sections 354, 358, and 368.

18 Can any resulting loss be recognized? ▶ In general, no gain or loss is recognized on the exchange of XOMA common shares in the reverse stock split. However, gain or loss should be recognized for tax purposes to the extent that cash is received in lieu of fractional shares. If a shareholder receives cash in lieu of fractional share, the shareholder will recognize capital gain or loss based on the difference between the amount of cash received and the shareholder's adjusted tax basis in the fractional share. Such capital gain or loss will constitute long-term capital gain or loss if the shareholder's holding period for the XOMA common stock is more than one year as of the date of the reverse stock split.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The reportable taxable year is 2016 for calendar year taxpayers. For shareholders reporting taxable income on a basis other than the calendar year, the reportable taxable year is the shareholder's tax year that includes October 17, 2016.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 10/31/16

Print your name ▶ Thomas Burns Title ▶ V.P. Finance and C.F.O.

Paid Preparer Use Only	Print/Type preparer's name Adan Martinez	Preparer's signature 	Date 10.27.16	Check <input type="checkbox"/> if self-employed	PTIN P00857463
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP			Firm's EIN ▶ 13-4008324	
	Firm's address ▶ 3 Embarcadero Center San Francisco, CA 94111			Phone no. 415-498-5000	