

XOMA Corporation

COMPENSATION COMMITTEE CHARTER¹

Purpose

The Compensation Committee, in its capacity as a committee of the Board of Directors (the "Board") of XOMA Corporation (the "Company"), has overall responsibility for approving and evaluating compensation plans, policies and programs of the Company's employees.

The Compensation Committee is also responsible for producing a biannual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

Committee Membership

The members of the Compensation Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. The Compensation Committee shall consist of no fewer than two members. The members of the Compensation Committee shall meet the independence requirements of the NASDAQ Stock Market ("NASDAQ").

Compensation Committee members may be replaced by the Board at any time and from time to time.

Committee Authority and Responsibilities

1. The Compensation Committee shall review and approve the overall compensation structure of the Company to determine that it establishes appropriate incentives for NEOs (including filled and open positions) and employees at all levels, including the review and approval of corporate performance goals and objectives relevant to compensation. All incentives, while industry-dependent and different for varied categories of executives and employees, should further the Company's long-term strategic plan and should be consistent with the culture of the Company and the overall goal of enhancing enduring shareholder value.
2. a) The Compensation Committee shall annually review and recommend to the Board, for the Chief Executive Officer ("CEO"), (a) the annual base salary level, (b) the annual incentive award, (c) long-term incentive award, and (d) any changes to employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits. The CEO may not be present during the voting or deliberations regarding CEO compensation

b) The Compensation Committee shall annually review corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, as well as other pre-determined criteria and recommend to the Board the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider these factors as well as awards given to CEOs in past years and relative

¹ Most recently reviewed and approved by the Compensation Committee and the Board on March 1, 2017 and March 2, 2017, respectively.

shareholder return.

3. The Compensation Committee shall annually review and approve all compensation of the NEOs, including (a) annual base salary level, (b) annual incentive award, (c) the long-term incentive award and (d) any changes to employment agreements, severance arrangements, and change in control agreements/provision, in each case as, when and if appropriate, and (e) any special or supplemental benefits.
4. The Compensation Committee shall review and approve any updates, changes or amendments to the XOMA Deferred Savings Plan.
5. The Compensation Committee shall have the authority to engage independent or outside counsel, accountants or other advisors, in each case of its choice and as it determines to be necessary or appropriate. In particular, the Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of the NEOs and shall have sole authority to approve the consultant's fees and other retention terms.
6. The Compensation Committee may form and delegate authority to subcommittees when appropriate.
7. The Compensation Committee, on behalf of the Board of Directors, may authorize, pursuant to Section 157 of the Delaware General Corporation Law and to the extent permitted by law, one or more officers of the Company to designate employees of the Company as recipients of certain equity awards; provided, however, that each such officer may not grant an equity award to himself or herself.
8. The Compensation Committee shall make regular reports to the Board.
9. The Compensation Committee shall review and reassess the adequacy of this Charter from time to time and recommend any proposed changes to the Board for approval.