LA JOLLA PHARMACEUTICAL CO
Form 424B3
February 04, 2002

This filing is made pursuant to Rule 424(b)(3) under the Securities Act of 1933 in connection with Registration No. 333-81432

PROSPECTUS

[LJP LOGO]

LA JOLLA PHARMACEUTICAL COMPANY

7,000,000 Shares
Common Stock

This prospectus relates to 7,000,000 shares of our common stock that may be sold from time to time by the selling stockholders named in this prospectus. The selling stockholders acquired these shares of our common stock in private transactions.

This offering is not being underwritten. The selling stockholders may offer the shares through public or private transactions at the prevailing market price for our common stock at the time of the sale, a price related to the prevailing market price, a negotiated price or such other prices as the selling stockholders determine from time to time. See "Plan of Distribution" on page 13.

All of the net proceeds from the sale of these shares of common stock will go to the selling stockholders. We will not receive any proceeds from sales of these shares.

Our common stock is traded on the Nasdaq National Market under the symbol "LJPC." On February 1, 2002, the last reported sale price of our common stock was $7.31 per share.

You should read this prospectus carefully before you invest.

INVESTING IN OUR COMMON STOCK INVOLVES SUBSTANTIAL RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 1.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this prospectus is February 4, 2002

LA JOLLA PHARMACEUTICAL COMPANY

La Jolla Pharmaceutical Company is a biopharmaceutical company focused on

the research and development of therapeutic products for the treatment of life-threatening antibody-mediated diseases. Antibody-mediated diseases are the result of a malfunction of the body's immune system, in which cells in the immune system produce disease-causing antibodies. These diseases include autoimmune conditions such as lupus and antibody-mediated stroke. Current treatments for these autoimmune disorders target the symptoms of the disease or generally suppress the normal operation of the immune system, frequently resulting in severe negative side effects and hospitalization. Our drug candidates are designed to treat the underlying cause of many antibody-mediated diseases without these side effects. Our current clinical drug candidates are known as LJP 394, a lupus treatment drug which is currently in a Phase III clinical study, and LJP 1082, an antibody-mediated stroke treatment drug which is currently in a Phase I/II clinical study.

We are registering for resale 7,000,000 shares of our common stock previously sold by us to investors in private transactions. These investors are identified in the section headed "Selling Stockholders." We will not receive any of the proceeds for the resale of these shares.

We are incorporated in the State of Delaware. Our principal executive offices are located at 6455 Nancy Ridge Drive, San Diego, California 92121 and our telephone number is (858) 452-6600.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors related to our common stock offered by this prospectus and to our business and operations. You should also carefully consider the other information in this prospectus and in the documents incorporated by reference. Some of these factors have affected our financial condition and operating results in the past or are currently affecting us. All of these factors could affect our future financial condition or operating results. If any of the following risks actually occurs, our business could be harmed. If that happens, the trading price of our common stock could decline, and you may lose all or part of your investment.

I. RISK FACTORS RELATING TO LA JOLLA PHARMACEUTICAL AND THE INDUSTRY IN WHICH WE OPERATE.

OUR DRUG CANDIDATES MAY NOT PERFORM WELL IN CLINICAL TRIALS AND WE MAY NOT BE PERMITTED TO CONDUCT FURTHER CLINICAL TRIALS. WITHOUT SUCCESSFUL CLINICAL TRIALS, WE WILL NOT BE ABLE TO MARKET OR SELL ANY PRODUCTS.

If LJP 394 or LJP 1082 are ultimately not found to be safe and effective, we would be unable to obtain regulatory approval for their commercialization. Because LJP 394 is our only drug candidate that has advanced to Phase III clinical trials, and because there is no guarantee that we would be able to develop an alternate drug candidate, our inability to commercialize LJP 394 would have a severe negative effect on our business, including revenues and profits.

In order to sell our products that are under development, we must first receive regulatory approval. To obtain regulatory approval, we must conduct clinical studies demonstrating that our products are safe and effective. Although LJP 394 and LJP 1082 appear promising, they may not be successful in future clinical trials. Our prior clinical study of LJP 394, in collaboration with Abbott, was halted. The ongoing Phase III clinical study of LJP 394 and the ongoing Phase I/II

clinical study of LJP 1082 may also be delayed or halted for various reasons, including:

- the products are not effective,
- patients experience severe side effects during treatment,
- patients do not enroll in the studies at the rate we expect, or
- supplies of either product are not sufficient to treat the patients in the studies.

In addition, the FDA and foreign regulatory authorities have substantial discretion in the approval process. The FDA and foreign regulatory authorities may not agree that we have demonstrated that LJP 394 or LJP 1082 are safe and effective after we complete clinical trials. Even if the results of prior clinical trials are positive, the FDA and foreign regulatory authorities may require us to design and conduct additional studies, which may result in significant expense and delay. The FDA and foreign regulatory authorities may require new clinical trials because of inconclusive results from earlier clinical trials, a possible failure to conduct prior clinical trials in complete adherence to FDA good clinical practice standards and similar standards of foreign regulatory authorities, and identification of new clinical trial endpoints.

OUR PRODUCTS ARE IN VARIOUS STAGES OF DEVELOPMENT, AND THE TECHNOLOGY UNDERLYING OUR PRODUCTS IS UNCERTAIN AND UNPROVEN. IF OUR PRODUCTS CANNOT BE SUCCESSFULLY DEVELOPED, WE WILL NEVER BE ABLE TO GENERATE MEANINGFUL SALES.

All of our product development efforts are based on unproven technologies and therapeutic approaches that have not been widely tested or used. LJP 394 and LJP 1082 have not been proven to be effective in humans, and the technology on which they are based has been used only in our preclinical tests and clinical trials. If our products or technology are not effective, we will not generate meaningful sales. Application of our technology to antibody-mediated diseases other than lupus and antibody-mediated stroke is in earlier research stages.

LJP 394, LJP 1082 and our other potential drug candidates require significant additional research and development and are subject to significant risks. Potential products that appear to be promising at early stages of development may nevertheless fail to reach market or become profitable for some of the following reasons:

- products may be ineffective or cause harmful side effects during preclinical testing or clinical trials,
- products may fail to receive necessary regulatory approvals,
- products may be difficult to manufacture,
- products may be uneconomical to produce particularly if high dosages are required,
- products may fail to achieve market acceptance,
- physicians may think that the products are not effective,

- products may be precluded from commercialization because of proprietary

rights of third parties, and

- competitors may develop superior products.

The technology underlying LJP 394 appears effective in humans. However, no products have been developed to date that use our technology. There is no guarantee that LJP 394 or LJP 1082 will work as intended. Furthermore, clinical trials of LJP 394 and LJP 1082 may be viewed as a test of LJP's entire approach to developing therapies for antibody-mediated diseases. If the data from our clinical trials indicates that LJP 394 or LJP 1082 is ineffective, the applicability of our technology to other antibody-mediated diseases will be highly uncertain. Therefore, there is significant risk that our therapeutic approaches will not prove to be successful, and there can be no guarantee that our drug discovery technologies will result in any commercially successful products.

OUR SUCCESS IN DEVELOPING OUR PRODUCTS AND MARKETING THEM SUCCESSFULLY DEPENDS SIGNIFICANTLY UPON OUR ABILITY TO OBTAIN PATENT PROTECTION FOR LJP 394, LJP 1082 AND ANY OTHER DEVELOPED PRODUCTS. IN ADDITION, WE WILL NEED TO SUCCESSFULLY PRESERVE OUR TRADE SECRETS AND OPERATE WITHOUT INFRINGING ON THE RIGHTS OF OTHERS.

We will depend on patents and other unpatented intellectual property to prevent others from profiting from products or technologies that we may have developed. We own 95 issued patents and 82 pending patent applications covering various technologies and drug candidates including LJP 394 and LJP 1082. However, there can be no assurance that any additional patents will be issued, or that the scope of any patent protection will be sufficient, or that any current or future issued patent will be held valid if subsequently challenged. There is a substantial backlog of biotechnology patent applications at the U.S. Patent and Trademark Office that may delay the review and issuance of any patents. The patent position of biotechnology firms like ours generally is highly uncertain and involves complex legal and factual questions, and no consistent policy has emerged regarding the breadth of claims covered in biotechnology patents or protection afforded by these patents. Presently, we have a number of patent applications pending in the United States relating to our technology, as well as foreign counterparts to some of our U.S. patent applications. We intend to continue to file applications as appropriate for patents covering both our products and processes. There can be no assurance that patents will be issued from any of these applications, or that the scope of any issued patents will protect our technology.

We are aware of one U.S. patent grant that contains claims covering subject matter that may conflict with some of our key patents and patent applications, and that may affect our ability to develop and sell our products. Any conflict between our patents and patent applications, and patents or patent applications of third parties, could result in a significant reduction of the coverage of our existing patents or any future patents that may be issued. This could have a negative effect on our ability to prevent competitors from profiting from our products and technologies, and this could affect our future sales. In addition, we may have to incur significant expenses in defending our patents.

If the U.S. Patent and Trademark Office or any foreign counterpart issues or has issued to a competitor patents containing competitive or conflicting claims, and if these claims are valid, there can be no guarantee that we would be able to obtain licenses to these patents, that any licensing fees would be reasonable, or that we would be able to develop or obtain alternative technology. We do not necessarily know if others, including competitors, have filed patent applications for technology covered by our pending applications, nor can we be certain that we were the first to invent or to file patent applications for our technologies.

Competitors may have patents or patent applications pending that relate to compounds or processes that overlap or compete with our intellectual property.

We also rely on unpatented intellectual property such as trade secrets and improvements, know-how, and continuing technological innovation. While we seek to protect these rights, it is possible that:

- inventions relevant to our business will be developed by a person not bound by a La Jolla Pharmaceutical invention assignment agreement,

- our binding confidentiality agreements will be breached, and we will not have adequate remedies for such a breach, or

- our trade secrets will otherwise become known or be independently discovered by competitors.

We could incur substantial costs in defending suits brought against us by others for infringement of intellectual property rights or in prosecuting suits that we might bring against others to protect our intellectual property rights.

WE HAVE A HISTORY OF LOSSES AND MAY NOT BECOME PROFITABLE.

We have incurred operating losses each year since our inception in 1989 and had an accumulated deficit of approximately $103.6 million as of September 30, 2001. Our losses are likely to exceed those experienced in prior years due to the termination of a collaborative relationship with Abbott, unless we are successful in establishing additional collaborative relationships to help finance our research and development costs. To achieve profitability we must, among other things, complete the development of our products, obtain all necessary regulatory approvals and establish commercial manufacturing and marketing capabilities. We expect to incur significant losses each year for at least the next several years as our clinical trial, research, development and manufacturing activities increase. The amount of losses and the time required by us to reach sustained profitability are highly uncertain, and we do not expect to generate revenues from the sale of products, if any, for at least several years. We may never achieve product revenues or profitability.

WE WILL NEED ADDITIONAL FUNDS TO SUPPORT OPERATIONS AND MAY NEED TO REDUCE OPERATIONS, SELL STOCK OR ASSETS, OR MERGE WITH ANOTHER ENTITY TO CONTINUE OPERATIONS.

Our operations to date have consumed substantial capital resources, and we will continue to expend substantial and increasing amounts of capital for research, product development, preclinical testing and clinical trials of drug candidates, to establish commercial-scale manufacturing capabilities, and to market potential products. We will need to raise additional funds. If we are not able to do so, we will not be able to fund our operations.

Our future capital requirements will depend on many factors, including:

- continued scientific progress in our research and development programs,

- the size and complexity of our research and development programs,

- the scope and results of preclinical testing and clinical trials,

- the time and costs involved in applying for regulatory approvals,

- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims,

- competing technological and market developments,

- our ability to establish and maintain collaborative research and development arrangements, and

- the cost of manufacturing scale-up and product commercialization.

We expect to incur substantial and increasing losses each year for at least the next several years as our clinical trial, research, development and manufacturing activities increase. We expect our existing capital resources, including the capital raised through the sale of stock that may be offered for resale under this prospectus, will be sufficient to fund our activities, as currently planned and assuming that we do not engage a collaborative partner, into the fourth quarter of 2003. However, the amounts expended by us for various purposes may vary significantly, and it is possible that our cash requirements will exceed current projections and that we will therefore need additional financing sooner than currently expected. In the future, it is possible that we will not have adequate resources to support our business activities.

We actively seek additional funding, including through collaborative arrangements and public and private financings. Our choice of financing alternatives may vary from time to time depending upon various factors, including the market price of our securities, conditions in the financial markets, and the interest of other entities in strategic transactions with us. There can be no guarantee that additional financing will be available on acceptable terms, if at all, whether through collaborative arrangement, issuance of securities, or otherwise. If adequate funds are not available, we may be required to delay, scale back or eliminate one or more of our research and development programs or obtain funds through arrangements with collaborative partners or others that require us to relinquish rights to certain technologies or potential products. This could have a negative impact on our ability to develop products, or to achieve profitability if our products are brought to market. If we obtain additional funding through sales of securities, your investment in us will be diluted.

WE MAY NOT EARN AS MUCH INCOME AS WE HOPE DUE TO POSSIBLE CHANGES IN HEALTHCARE REIMBURSEMENT POLICIES.

The continuing efforts of government and healthcare insurance companies to reduce the costs of healthcare may reduce the amount of income we can generate from our products. For example, in certain foreign markets, pricing and profitability of prescription drugs are subject to government control. In the United States, we expect that there will continue to be a number of federal and state proposals to implement similar government controls. In addition, increasing emphasis on managed care in the United States will continue to put pressure on drug manufacturers to keep prices down. Cost control initiatives could reduce the revenue that we receive for any products we may develop and sell in the future. These cost control measures may also affect the profitability of companies with whom we may transact business, such as manufacturers of our products, and thus may have a negative effect on our ability to continue to work with these companies.

BECAUSE A NUMBER OF COMPANIES COMPETE WITH US, MANY OF WHICH HAVE GREATER

RESOURCES THAN WE DO, AND BECAUSE WE FACE RAPID CHANGES IN TECHNOLOGY IN OUR INDUSTRY, WE CANNOT BE CERTAIN THAT OUR PRODUCTS WILL BE ACCEPTED IN THE MARKETPLACE OR CAPTURE MARKET SHARE.

Competition from domestic and foreign biotechnology companies, large pharmaceutical companies and other institutions is intense and is expected to increase. A number of companies and institutions are pursuing the development of pharmaceuticals in our targeted areas, many of which are very large, and have financial, technical, sales and distribution and other resources substantially greater than ours. The greater resources of these competitors could enable them to develop competing products more quickly than we are able to, and to market any competing product more quickly so as to make it extremely difficult for us to develop a share of the market for these products. These competitors include companies that are conducting clinical trials and preclinical studies for the treatment of lupus. Our competitors may develop or obtain regulatory approval for products more rapidly than we do. Also, the biotechnology and pharmaceutical industries are subject to rapid changes in technology. Our competitors may develop and market technologies and products that are more effective than those being developed by us, or that would render our technology and proposed products obsolete or noncompetitive.

WE MAY NEED TO ESTABLISH COLLABORATIVE AGREEMENTS, AND THIS COULD HAVE A NEGATIVE EFFECT ON OUR FREEDOM TO OPERATE OUR BUSINESS, OR PROFIT FULLY FROM SALES OF OUR PRODUCTS.

We may seek to collaborate with pharmaceutical companies to gain access to their research, drug development, manufacturing, marketing and financial resources. However, we may not be able to negotiate arrangements with any collaborative partners on acceptable terms, if at all. Any collaborative relationships that we enter into may include restrictions on our freedom to operate our business or to profit fully from the sales of our products.

Once a collaborative arrangement is established, the collaborative partner may discontinue funding any particular program or may, either alone or with others, pursue alternative technologies or develop alternative drug candidates for the diseases we are targeting. Competing products, developed by a collaborative partner or to which a collaborative partner has rights, may result in the collaborative partner withdrawing support as to all or a portion of our technology.

Without collaborative arrangements, we must fund our own research and development activities, accelerating the depletion of our capital and requiring us to develop our own marketing capabilities. Therefore, if we are unable to establish and maintain collaborative arrangements, we could experience a material adverse effect on our ability to develop products and, once developed, to market them successfully.

OUR LIMITED MANUFACTURING CAPABILITIES COULD RESULT IN SHORTAGES OF PRODUCTS FOR TESTING AND FUTURE SALE, AND OUR REVENUES AND PROFIT MARGIN COULD BE NEGATIVELY AFFECTED.

While we are producing limited quantities of LJP 394 and LJP 1082 for clinical trials, our current facilities are not FDA approved for commercial production of our potential products. The manufacture of our potential products for clinical trials and the manufacture of any resulting products for commercial purposes are subject to certain FDA standards. Substantial capital investment in the expansion and build-out of our manufacturing facilities will be required to enable us to manufacture any products in commercial quantities. While we have initiated the

process of obtaining FDA approval for our facilities, we have never operated an FDA-approved manufacturing facility and may not obtain necessary approvals. We have limited manufacturing experience, and we may be unable to successfully transition to commercial production. We may enter into arrangements with contract manufacturing companies to expand our own production capacity in order to meet requirements for our products, or to attempt to improve manufacturing efficiency. If we choose to contract for manufacturing services and encounter delays or difficulties in establishing relationships with manufacturers to produce, package and distribute our finished products, the clinical trials, the introduction of our products into the market and the subsequent sales of these products would be negatively affected by the lack of available products, and our profit margins and our ability to develop and deliver products on a timely and competitive basis may be negatively affected.

WE LACK EXPERIENCE IN MARKETING PRODUCTS FOR COMMERCIAL SALE AND THUS MAY HAVE DIFFICULTY GAINING ACCEPTANCE FOR OUR PRODUCTS.

In order to commercialize any drug candidate approved by the FDA, we must either develop a marketing and sales force or enter into marketing arrangements with others. If we cannot do either of these, we may have difficulty generating sales for our products. We currently have no marketing arrangements with others, and there can be no guarantee that we will be able to enter into any marketing agreements on favorable terms, or that any such agreements will result in payments to us. To the extent that we enter into co-promotion or other marketing and sales arrangements with other companies, any revenues that we may receive will be dependent on the efforts of others. There can be no guarantee that these efforts will be successful. If we attempt to develop our own marketing and sales capabilities, we will compete with other companies that have experienced and well-funded marketing and sales operations. Furthermore, if we attempt to establish sales and distribution capabilities, we may experience delays and expenditures and have difficulty in gaining market acceptance for our drug candidates.

THE USE OF LJP 394, LJP 1082 AND OTHER POTENTIAL PRODUCTS IN CLINICAL TRIALS, AND THE SALE OF ANY APPROVED PRODUCTS MAY EXPOSE US TO LAWSUITS RESULTING FROM THE USE OF THESE PRODUCTS.

The use and possible sale of LJP 394, LJP 1082 and other potential products may expose us to legal liability and generate negative publicity if we are subject to claims that people were harmed by our products. These claims might be made directly by consumers, pharmaceutical companies, or others. We maintain $10.0 million of product liability insurance for claims arising from the use of our products in clinical trials. However, coverage is becoming increasingly expensive, and there can be no guarantee that we will be able to maintain insurance or that insurance can be acquired at a reasonable cost or in sufficient amounts to protect us against possible losses. Furthermore, it is possible that our financial resources would be insufficient to satisfy potential product liability claims. A successful product liability claim or series of claims brought against us could negatively impact our business and financial condition.

OUR RESEARCH AND DEVELOPMENT AND OPERATIONS DEPEND IN PART ON CERTAIN KEY EMPLOYEES AND CONSULTANTS. LOSING THESE EMPLOYEES OR CONSULTANTS WOULD HAVE A NEGATIVE EFFECT ON OUR PRODUCT DEVELOPMENT AND OPERATIONS.

We are highly dependent upon the principal members of our scientific and management staff, the loss of whose services would delay the achievement of our research and development objectives. This is because our key personnel, including Steven Engle, Dr. Matthew Linnik, Dr. Paul Jenn and Dr. Andrew Wiseman, have been involved in the development of LJP 394, LJP 1082 and other drug candidates for several years and have unique knowledge of our drug

candidates and of the

technology on which they are based. Our anticipated growth and expansion into areas requiring additional expertise, such as clinical trials, government approvals, manufacturing, and marketing, is expected to place increased demands on our resources and require the addition of new management personnel as well as the development of additional expertise by existing management personnel.

Retaining our current key employees and recruiting additional qualified scientific personnel to perform research and development work in the future will also be critical to our success. Because competition for experienced scientists among numerous pharmaceutical and biotechnology companies and research and academic institutions is intense, we may not be able to attract and retain these people. If we cannot attract and retain qualified people, our ability to conduct necessary clinical trials and to develop our products may be negatively affected because, for instance, the trials may not be conducted properly, or the trials or our manufacturing of products may be delayed. In addition, we rely upon consultants and advisors to assist us in formulating our research and development, clinical, regulatory and manufacturing strategies. All of our consultants and advisors have outside employment and may have commitments or consulting or advisory contracts with other entities that may affect their ability to contribute to our business.

IT IS POSSIBLE THAT WE MAY FACE ENVIRONMENTAL LIABILITIES RELATED TO CERTAIN HAZARDOUS MATERIALS USED IN OUR OPERATIONS.

Due to the nature of our manufacturing processes, we are subject to stringent federal, state and local laws governing the use, handling and disposal of certain materials and wastes. It is possible that we may have to incur significant costs to comply with environmental regulations as our manufacturing increases to commercial volumes. Our operations may be significantly impacted by current or future environmental laws because, for instance, our ability to produce products may be slowed, thereby increasing our production costs. In our research activities, we use radioactive and other materials that could be hazardous to human health, safety, or the environment. These materials and various wastes resulting from their use are stored at our facility pending ultimate use and disposal. The risk of accidental injury or contamination from these materials cannot be eliminated. In the event of such an accident, we could be held liable for any resulting damages, and any such liability could exceed our resources.

II. RISK FACTORS RELATED SPECIFICALLY TO OUR STOCK.

OUR COMMON STOCK PRICE IS VOLATILE AND MAY DECLINE EVEN IF OUR BUSINESS IS DOING WELL.

The market price of our common stock has been and is likely to continue to be highly volatile. Market prices for securities of biotechnology and pharmaceutical companies, including ours, have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. The following factors can have a significant effect on the market price of our securities:

- announcements of technological innovations or new therapeutic products by us or others,

- clinical trial results,

- developments concerning agreements with collaborators,

- government regulation,

- developments in patent or other proprietary rights,

- public concern as to the safety of drugs discovered or developed by us or others,

- future sales of substantial amounts of our common stock by existing stockholders, and

- comments by securities analysts and general market conditions.

The realization of any of the risks described in these "Risk Factors" could have a negative effect on the market price of our common stock.

IN THE FUTURE, OUR STOCK MAY BE REMOVED FROM LISTING ON THE NASDAQ QUOTATION SYSTEM AND MAY NOT QUALIFY FOR LISTING ON ANY STOCK EXCHANGE, IN WHICH CASE IT MAY BE DIFFICULT TO FIND A MARKET IN OUR STOCK.

If our stock is no longer traded on a national trading market it may be more difficult for you to sell shares that you own, and the price of the stock may be negatively affected. Currently our securities are traded on the Nasdaq National Market. Nasdaq has several continued listing requirements, including a minimum trading price. Previously, we have received notice from Nasdaq that our stock price fell below this minimum trading price. While we have since come back into compliance with this Nasdaq requirement, it is possible that we will fall out of compliance with this and/or other Nasdaq continued listing criteria at some point in the future. Failure to comply with any one of several Nasdaq requirements may cause our stock to be removed from listing on Nasdaq. Should this happen, we may not be able to secure listing on other exchanges or quotation systems. This would have a negative effect on the price and liquidity of our stock.

FUTURE SALES OF OUR STOCK BY EXISTING STOCKHOLDERS COULD NEGATIVELY AFFECT THE MARKET PRICE OF OUR STOCK AND MAKE IT MORE DIFFICULT FOR US TO SELL STOCK IN THE FUTURE.

Sales of our common stock in the public market, or the perception that such sales could occur, could result in a drop in the market price of our securities and make it more difficult for us to complete future equity financings. In addition to the shares to be sold in this offering, we have outstanding the following shares of common stock:

- 23,070,000 shares of common stock that have been issued in registered offerings and are freely tradable in the public markets.

- Approximately 1,722,000 shares of common stock currently eligible for resale in the public market pursuant to SEC Rule 144.

- In addition, as of January 11, 2002 there are an aggregate of 4,737,778 shares of common stock that may be issued on the exercise of outstanding stock options granted under our various stock option plans at a weighted average exercise price of $4.6843 per share.

- We have in effect registration statements under the Securities Act registering approximately 6,000,000 shares of common stock reserved under our incentive stock option and employee stock purchase plans.

Approximately 165,200 shares of common stock that may be issued on the exercise of outstanding stock options will be available for public resale under SEC Rule 144 pursuant to Rule 701 under the Securities Act.

We cannot estimate the number of shares of common stock that may actually be resold in the public market since this will depend upon the market price for the common stock, the individual circumstances of the sellers and other factors. We also have a number of institutional stockholders that own significant blocks of our common stock. If these stockholders sell large portions of their holdings in a relatively short time, for liquidity or other reasons, the market price of our common stock could drop significantly.

ANTI-TAKEOVER DEVICES MAY PREVENT CHANGES IN MANAGEMENT OF LJPC.

We have in place several anti-takeover devices, including a stockholder rights plan, that may have the effect of delaying or preventing changes in our management. For example, one anti-takeover device provides for a board of directors that is separated into three classes, with their terms in office staggered over three year periods. This has the effect of delaying a change in control of the Board of Directors without the cooperation of the incumbent board. In addition, our bylaws require stockholders to give written notice of any proposal or director nomination to us within a certain period of time prior to the stockholder annual meeting, establish certain qualifications for a person to be elected or appointed to the Board of Directors during the pendency of certain business combination transactions, and do not allow stockholders to call a special meeting of stockholders.

We may also issue shares of preferred stock without stockholder approval and upon terms that our Board of Directors may determine in the future. The issuance of preferred stock could have the effect of making it more difficult for a third party to acquire a majority of our outstanding stock, and the holders of such preferred stock could have voting, dividend, liquidation and other rights superior to those of holders of our common stock.

WE DO NOT PAY DIVIDENDS AND THIS MAY NEGATIVELY AFFECT THE PRICE OF OUR STOCK.

We have not paid any cash dividends since our inception and do not anticipate paying any cash dividends in the foreseeable future. The future price of our common stock may be depressed by the fact that we have not paid dividends.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

SELLING STOCKHOLDERS

In a series of private transactions completed on January 17, 2002, we issued a total of 7,000,000 shares of our common stock to the stockholders listed below. The selling stockholders may from time to time offer and sell pursuant to this prospectus any or all of 7,000,000 shares of our common stock. The following table describes, as of January 17, 2002, the number of shares of our common stock that each selling stockholder owns and the number of shares registered hereunder. The term "selling stockholders" includes the holders listed below and their transferees, pledgees, donees or other successors. We have prepared this table based upon information furnished to us

by or on behalf of the selling stockholders.

The selling stockholders confirmed at the time they acquired the shares listed below that they acquired the shares for investment purposes only and not with a view toward their resale, and acknowledged the existence of restrictions on resale that apply to these shares. This offering relates only to the sale of the 7,000,000 shares of common stock held or to be held by the selling stockholders

named in the following table. Since the date on which they provided us with the information below, the selling stockholders may have sold, transferred or otherwise disposed of some or all of their shares of our common stock in transactions exempt from the registration requirements of the Securities Act.

	SHARES OF COMMON STOCK OWNED PRIOR TO OFFERING			SHARES OF OWNED AFT
NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES	PERCENT OF CLASS(%)(1)	SHARES TO BE SOLD(2)	NUMBER OF SHARES(2)
SAFECO Growth Opportunities Fund -- A series of SAFECO Common Stock Trust	1,216,000	2.9	1,216,000	--
Deka-Team-Biotech	1,019,009	2.4	484,450	534,559
Deerfield Partners, L.P.	746,936	1.8	139,750	607,186
Deerfield International Limited	589,264	1.4	110,250	479,014
Growth Opportunities Fund -- A series of SAFECO Resource Series Trust	584,000	1.4	584,000	--
Brookside Capital Partners Fund, L.P.	500,000	1.2	500,000	--
SEI Institutional Managed Trust	344,800	*	318,500	26,300
Compound Capital Growth Partners, Ltd.	320,294	*	320,294	--
EGS Private Healthcare Partnership II, L.P.	303,085	*	303,085	--
Special Situations Fund III, L.P.	285,000	*	285,000	--
SEI Institutional Investments Trust	257,200	*	237,200	20,000
Zeke, LP	225,000	*	225,000	--
RS Smaller Company Growth Fund	210,600	*	75,000	135,600
SF Capital Partners, LTD	200,000	*	200,000	--
JP Morgan U.S. Small Company Fund	170,750	*	28,350	142,400
Compound Capital Growth Partners II, LP	153,900	*	153,900	--
Utah Retirement Systems	141,000	*	130,100	10,900
Special Situations Private Equity Fund, L.P.	125,000	*	125,000	--
Anvers Healthcare Investors, LP	124,000	*	63,000	61,000
Pierpont Small Company Opportunities Fund	121,932	*	20,600	101,332
CCGrowth Global Life Sciences Ltd.	117,925	*	106,614	11,311
UBS Global Equity Arbitrage Master Limited	100,000	*	100,000	--
O'Connor PIPES Corporate Strategies Ltd.	100,000	*	100,000	--
Special Situations Cayman Fund, L.P.	90,000	*	90,000	--
JPMCB U.S. Small Company Equity I	84,200	*	13,175	71,025

Growth				
G. Nicholas Farwell (3)	75,000	*	75,000	--
CCGrowth Global Life Sciences I, LP	71,559	*	64,706	6,853
RS Orphan Fund, L.P.	70,000	*	70,000	--
Compound Capital Growth Partners III, LP	68,073	*	68,073	--
Ivory Opportunity Fund, LP	67,500	*	67,500	--
JPM Tax Aware Small Company Opportunities Fund	67,361	*	14,200	53,161
Daughter's of Charity Fund P	61,900	*	57,100	4,800
Undiscovered Managers Small Cap Growth Fund	61,100	*	56,200	4,900
Compound Capital Growth Partnership, LP	50,799	*	50,799	--
AIG DKR Soundshore Holdings Ltd.	50,000	*	50,000	--
EGS Private Healthcare Investors II, L.P.	47,800	*	47,800	--

	SHARES OF COMMON STOCK OWNED PRIOR TO OFFERING			SHARES OF COM OWNED AFTER	
NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES	PERCENT OF CLASS(%)(1)	SHARES TO BE SOLD (2)	NUMBER OF SHARES(2)	C
EGS Private Healthcare Canadian Partners, L.P.	45,607	*	45,607	--	
Vision Small Cap Stock Fund	39,100	*	36,100	3,000	
Alfred I. Dupont Testamentary Trust	33,300	*	30,700	2,600	
Ivory Opportunity Fund, Ltd.	32,500	*	32,500	--	
Les Schwab P/S Retirement Trust	30,300	*	28,000	2,300	
RS Orphan Offshore Fund, L.P.	30,000	*	30,000	--	
CCGrowth Global Life Sciences II, LP	26,927	*	24,345	2,582	
East Bay Municipal Utility District	25,900	*	23,900	2,000	
Met. Inv. Tr Small Cap Stock -- SSB	25,425	*	3,925	21,500	
The Paisley Fund, LP	25,000	*	25,000	--	
JP Morgan Global Healthcare Fund	22,709	*	3,850	18,859	
Anvers Healthcare Investors International, Ltd.	22,700	*	12,000	10,700	
Philips Pensionenfondsen-Small Cap	22,225	*	3,725	18,500	
Maximus Managed Offshore, Ltd.	21,340	*	21,340	--	
Ret. Pl. For Union Carbide Corp.	20,029	*	3,800	16,229	
Maximus Capital Investments, Ltd.	18,870	*	18,870	--	
Westfiled Life Sciences Fund LP	15,900	*	15,900	--	
JPMP Global Healthtech Fund	15,500	*	15,500	--	
JPMCB U.S. Small Company Equity II Growth	15,475	*	2,650	12,825	
Memorial Hospital of South Bend, Inc.	12,500	*	11,500	1,000	
PGH Pension	11,600	*	10,700	900	
DSM NV PENS VERZ MIJ-Small Cap	11,025	*	1,825	9,200	
JP Morgan Series Trust Small Company Growth Portfolio	10,825	*	2,125	8,700	
Westfiled Life Sciences Fund LP II	9,100	*	9,100	--	
Nemours Foundation	8,000	*	7,400	600	
Caddis Master Fund Ltd.	6,934	*	6,934	--	
JP Morgan Diversified Fund	6,900	*	1,825	5,075	

Maximus Managed Domestic, L.P.	5,090	*	5,090	--
The Baetis Fund, LP	4,799	*	4,335	464
Maximus Capital, L.P.	4,700	*	4,700	--
EGS Private Healthcare Presidents Fund, L.P.	3,508	*	3,508	--
Wilshire U.S. Equity Fund	2,800	*	2,600	200

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* Less than 1%

(1) Computed based on 42,289,386 shares of common stock outstanding as of January 23, 2002.

(2) Assumes all the shares of common stock that may be offered hereunder are sold.

(3) 50,000 shares of common stock are held in the name of G. Nicholas Farwell and Gail M. Farwell JTWROS, and 25,000 shares of common stock are held in the name of G. Nicholas Farwell -- Sep. Pty.

The information regarding the selling stockholders may change from time to time. If required, we will describe these changes in one or more prospectus supplements.

PLAN OF DISTRIBUTION

The selling stockholders can use this prospectus to sell the shares at any time while the prospectus is in effect, unless we have notified the selling stockholders that the prospectus is not available at that particular time. The selling stockholders will determine if, when and how they will sell the shares they own. Any sales may occur in one or more of the following types of transactions (including block transactions):

- transactions on the Nasdaq National Market or any other organized market or quotation system where the shares may be traded,
- privately negotiated transactions between a selling stockholder and a purchaser, or
- transactions effected with or through a broker-dealer acting as either agent or principal.

These transactions may involve the transfer of the shares upon exercise or settlement of put or call options, or the delivery of the shares to replace shares that were previously borrowed from another stockholder or a combination of such methods. If a broker-dealer is used in the sale of shares, that person may solicit potential purchasers. The shares may also be transferred as a gift or as a result of a pledge, or may be sold to a broker-dealer acting as principal. These persons may then sell the shares to another person, either directly or through another broker-dealer, subject to compliance with the requirements of the Securities Act.

The price at which sales of the shares occur may be based on prevailing market prices or may be negotiated between the parties, and the consideration may be cash or another form negotiated between the parties. Broker-dealers acting as agents or principals may be paid compensation in the form of

discounts, concessions or commissions from the selling stockholder and/or from the purchasers of the shares, or both. Brokers or dealers may be deemed to be "underwriters" within the meaning of the Securities Act. Any profits on the resale of shares by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of shares will be paid by the selling stockholder and/or the purchasers. We have agreed to pay certain of the costs, expenses and fees of preparing, filing and maintaining this prospectus and the registration statement of which this prospectus is a part, but we will not receive any proceeds from the sale of these shares. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on it under the Securities Act.

The selling stockholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares by any selling stockholder. If we are notified by any selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares, if required, we will file a supplement to this prospectus.

If the selling stockholders use this prospectus for any sale of the shares, they will be subject to the prospectus delivery requirements of the Securities Act. For transactions effected on or through the Nasdaq, those requirements may be satisfied by our delivery of copies of this prospectus to the Nasdaq in compliance with Securities Act Rule 153. Instead of using this prospectus for any sale of the

shares, a selling stockholder may resell shares in compliance with the criteria and requirements of Securities Act Rule 144.

The anti-manipulation rules of Regulation M under the Securities Exchange Act of 1934, as amended, may apply to sales of our common stock and activities of the selling stockholder.

WHERE YOU CAN FIND MORE INFORMATION

We file periodic reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect and copy these reports and other information at the SEC's public reference room in Washington, D.C., located at 450 Fifth Street, N.W., Washington, D.C. 20549. You can also obtain copies of these materials from the SEC's public reference room at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about its public reference room. The SEC also maintains a site on the World Wide Web at http://www.sec.gov. This site contains reports, proxy and information statements and other information about registrants that file electronically with the SEC.

The SEC permits us to "incorporate by reference" the information and reports we file with it. This means that we can disclose important information to you by referring to another document. The information that we incorporate by reference is considered to be part of this prospectus, and later information that we file with the SEC automatically updates and supersedes this information. Specifically, we incorporate by reference:

1. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2000;

2. Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001, and September 30, 2001;

3. Our Current Report on Form 8-K dated January 16, 2002;

4. The description of our common stock contained in our Registration Statements on Form 8-A, filed on June 2, 1994 and December 4, 1998, and on Form 8-A/A, filed on January 26, 2001; and

5. All documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering of the shares offered by this prospectus.

We have also filed a registration statement on Form S-3 with the SEC. This prospectus does not contain all of the information set forth in the registration statement. You should read the registration statement for further information about us and our common stock.

We will provide a copy of these filings to each person, including any beneficial owner, to whom we deliver this prospectus, upon written or oral request. You may request a copy of these filings at no cost by writing or telephoning us at the following address:

Corporate Secretary
La Jolla Pharmaceutical Company
6455 Nancy Ridge Drive
San Diego, California 92121
(858) 452-6600

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You are cautioned not to put undue reliance on any forward-looking statements. Except as may be required by law, we do not have any intention or obligation to update forward-looking statements after we distribute this prospectus. These statements appear in a number of places in this prospectus and include statements regarding our intentions, plans, strategies, beliefs or current expectations and those of our directors or our officers with respect to, among other things:

- our financial prospects,

- our financing plans,
- trends affecting our financial condition or operating results,
- our strategies for growth, operations, and product development and commercialization, and
- conditions or trends in or factors affecting the biotechnology industry.

You should understand that a number of factors could cause our results to differ materially from those expressed in the forward-looking statements. The information incorporated by reference or provided in this prospectus identifies important factors that could cause these differences. Those factors include, among others, the high cost and uncertainty of technology and drug development, which can result in loss of profitability and long delays in getting products to market.

LEGAL MATTERS

The validity of the shares of common stock covered by this prospectus was passed upon by Gibson, Dunn & Crutcher LLP, Irvine, California.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2000, as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

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7,000,000 SHARES

COMMON STOCK

PROSPECTUS

FEBRUARY 4, 2002