

LIGAND PHARMACEUTICALS INC

Form 424B3

August 04, 2006

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PROSPECTUS FILED PURSUANT TO RULE 424(B)(3)

**LIGAND PHARMACEUTICALS INCORPORATED**

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-131029**

**Prospectus Supplement No. 4**

**(to Prospectus dated April 12, 2006, as supplemented and amended**

**by that Prospectus Supplement No. 1 dated May 15, 2006, that Prospectus**

**Supplement No. 2 dated June 12, 2006 and that Prospectus Supplement No. 3 dated June 29, 2006)**

This Prospectus Supplement No. 4 supplements and amends the prospectus dated April 12, 2006 (as supplemented and amended by that Prospectus Supplement No. 1 dated May 15, 2006, that Prospectus Supplement No. 2 dated June 12, 2006 and that Prospectus Supplement No. 3 dated June 29, 2006), or the Prospectus, relating to the offer and sale of up to 7,790,974 shares of our common stock to be issued pursuant to awards granted or to be granted under our 2002 Stock Incentive Plan, or our 2002 Plan, up to 147,510 shares of our common stock to be issued pursuant to our 2002 Employee Stock Purchase Plan, or our 2002 ESPP, and up to 50,309 shares of our common stock which may be offered from time to time by the selling stockholders identified on page 110 of the Prospectus for their own accounts. Each of the selling stockholders named in the Prospectus acquired the shares of common stock upon exercise of options previously granted to them as an employee, director or consultant of Ligand or as restricted stock granted to them as a director of Ligand, in each case under the terms of our 2002 Plan. We will not receive any of the proceeds from the sale of the shares of our common stock by the selling stockholders under the Prospectus. We will receive proceeds in connection with option exercises under the 2002 Plan and shares issued under the 2002 ESPP which will be based upon each granted option exercise price or purchase price, as applicable.

This Prospectus Supplement No. 4 includes the attached Current Report on Form 8-K of Ligand Pharmaceuticals Incorporated dated August 4, 2006, as filed by us with the Securities and Exchange Commission.

This Prospectus Supplement No. 4 should be read in conjunction with, and delivered with, the Prospectus and is qualified by reference to the Prospectus, except to the extent that the information in this Prospectus Supplement No. 4 updates or supersedes the information contained in the Prospectus.

Our common stock is quoted on the Nasdaq Global Market under the symbol LGND. On August 3, 2006, the last reported sale price of our common stock on the Nasdaq Global Market was \$9.20 per share.

**Investing in our common stock involves risk. See Risk Factors beginning on page 7 of the Prospectus and beginning on page 46 of Prospectus Supplement No. 1.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 4 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 4 is August 4, 2006.

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**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 31, 2006**

**LIGAND PHARMACEUTICALS INCORPORATED**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation)

**000-20720**

(Commission File Number)

**10275 Science Center Drive,  
San Diego, California**

(Address of principal executive offices)

**(858) 550-7500**

(Registrant's telephone number, including area code)

**77-0160744**

(I.R.S. Employer Identification No.)

**92121-1117**

(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

Ligand Pharmaceuticals Incorporated (the Company) and David E. Robinson, Chairman, President and Chief Executive Officer of the Company, entered into a Separation Agreement dated as of July 31, 2006 (the Separation Agreement) providing for his resignation as Chairman, President and Chief Executive Officer of the Company. Under the Separation Agreement, Mr. Robinson will receive his base salary and certain benefits for twenty four months, payable in five equal monthly installments beginning August 1, 2006 and ending December 1, 2006. In addition, all of his unvested stock options and restricted stock will immediately vest and become exercisable, and all of his stock options will be exercisable until January 15, 2007. In connection with the Separation Agreement, Mr. Robinson executed a General Release of Claims in favor of the Company. The Separation Agreement and the General Release of Claims are filed as Exhibits 10.1 and 10.2 hereof and are incorporated by reference herein.

**Item 1.02 Termination of a Material Definitive Agreement.**

The Separation Agreement referenced under Item 1.01 above by its terms provides for the termination of Mr. Robinson's Employment Agreement dated as of May 1, 1996 with the Company as of July 31, 2006.

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On August 1, 2006, the Company announced the resignation of David E. Robinson as Chairman, President, Chief Executive Officer and as a director of the Company, effective July 31, 2006. The Company also announced that current director Henry F. Blissenbach has been named Chairman and interim Chief Executive Officer of the Company, effective immediately.

Dr. Blissenbach, age 63, has served on the Company's Board of Directors since May 1995, and recently retired as President and Chief Executive Officer of BioScrip, Inc., a publicly-held specialty drug distribution company, a position he held from March 2005 until June 2006. From July 2000 until March 2005, he was Chairman and Chief Executive Officer of Chronimed, Inc., a prescription drug distribution company, and prior to that time, he served as President and Chief Operating Officer of Chronimed.

In a related action, the Company's Board of Directors appointed current director John W. Kozarich, Ph.D. to the Audit Committee of the Company's Board of Directors, to replace Dr. Blissenbach due to his appointment as interim Chief Executive Officer. In addition, Dr. Alexander D. Cross has replaced Dr. Blissenbach on the Compensation Committee and the Nominating Committee, and John Groom has been named Chairman of the Compensation Committee.

The Company has agreed to pay Dr. Blissenbach \$75,000 per month, commencing August 1, 2006, subject to cancellation by either party on thirty days' notice, for his services as Chairman and interim Chief Executive Officer. In addition, Dr. Blissenbach will be eligible to receive incentive compensation of up to 50% of his base salary, but not more than \$150,000, based upon his performance of certain objectives to be agreed upon and incorporated into an employment agreement which the Company and Dr. Blissenbach expect to be entered into shortly. Also, Dr. Blissenbach will receive a special stock option grant to purchase 150,000 shares of the Company's common stock at an exercise price equal to the closing price of the Company's common stock on August 3, 2006 as reported on The NASDAQ Global Market. These stock options will vest 50% at the end of six months and the remaining 50% will vest at the end of one year, except that all of these stock options will vest upon the appointment of the new Chief Executive Officer. Finally, the Company will reimburse Dr. Blissenbach for all reasonable expenses incurred in discharging his duties as interim Chief Executive Officer, including, but not limited to commuting costs to San Diego and living and related costs during the time he spends in San Diego.

Dr. Blissenbach was not selected pursuant to any arrangement or understanding between him and any other person. There are no family relationships between Dr. Blissenbach and any of the Company's other directors or executive officers. There have been no related party transactions between the Company and Dr. Blissenbach reportable under Item 404(a) of Regulation S-K.

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The Company also announced that it will immediately initiate a search for a new Chief Executive Officer, and it expects the search to be completed in a timely manner.

A copy of the Company's press release announcing Mr. Robinson's resignation and the appointment of Dr. Blissenbach is attached hereto as Exhibit 99.1 and is incorporated herein by this reference.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

**Exhibit No. Description**

|      |  |
|------|--|
| 10.1 | Separation Agreement dated as of July 31, 2006 by and between the Company and David E. Robinson. |
| 10.2 | General Release of Claims dated July 31, 2006 by David E. Robinson.                              |
| 99.1 | Press release of the Company dated August 1, 2006.   |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned.

LIGAND PHARMACEUTICALS  
INCORPORATED

Date: August 4, 2006

By: /s/ Warner R. Broaddus

Name: Warner R. Broaddus  
Title: Vice President, General Counsel &  
Secretary

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EXHIBIT 10.1  
EXECUTION VERSION

**SEPARATION AGREEMENT**

**AGREEMENT**, dated as of July 31, 2006 (this Agreement), is entered into by and between Ligand Pharmaceuticals Incorporated (the Company) and David E. Robinson (the Executive). The Company and the Executive are sometimes referred to herein as the Parties.

**WHEREAS**, the Executive is currently employed by the Company pursuant to the terms of a Successor Employment Agreement dated as of May 1, 1996 (the Employment Agreement); and

**WHEREAS**, the Board of Directors of the Company (the Board) and the Executive have agreed that Executive will resign: (i) from his employment with the Company; (ii) as a director of the Company; and (iii) from his positions as Chairman of the Board, and President and Chief Executive Officer of the Company all effective as of July 31, 2006 (the Effective Date);

**WHEREAS**, the Parties' respective rights, duties, and obligations pursuant to the Employment Agreement as well as the compensation and benefits to which Executive is entitled once the Employment Agreement ends are subject to various interpretations and differences of opinion;

**WHEREAS**, the Parties now agree and intend to settle and resolve on the terms and conditions set forth in this Agreement all matters regarding the Executive's separation of employment with the Company and the Parties' respective rights, duties, and obligations in connection therewith; and

**WHEREAS**, the Parties desire that the compensation payable to Executive upon his separation from the Company will comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the Code).

**NOW, THEREFORE**, in consideration of the mutual promises and conditions set forth herein, the parties hereto agree as follows:

1. **Effective Date of Resignation and Effectiveness of Agreement.** As of the Effective Date, Executive hereby resigns: (i) from employment with the Company; (ii) as a director of the Company; (iii) from his positions as Chairman of the Board, President and Chief Executive Officer of the Company; and (iv) from all other offices and directorships he may hold with the Company and its subsidiaries. Upon resignation of Executive's employment with the Company the Employment Agreement shall terminate and Executive shall be entitled only to the payments and benefits described in this Agreement

2. **Separation Benefits.** Subject to the effectiveness of a validly binding release of claims by the Executive in the form attached hereto as Exhibit A Executive's compliance with Sections 3 and 4 hereof and in satisfaction of all obligations to Executive, the Company will provide the following payments and benefits to Executive following the Effective Date pursuant to the terms of this Agreement:

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(a) a lump sum cash payment (less taxes and withholdings) equal to \$81,343.00, which represents Executive's accrued but unpaid salary and all accrued but unused vacation and other paid time off through the Effective Date;

(b) A cash payment equal to \$1,410,000.00 (equal to twenty-four months base salary) payable in five (5) equal installments, with the first installment due on the eighth day following the execution of the release of claims set forth on Exhibit A, and the remaining installments due within five (5) days of each of: September 1, 2006, October 1, 2006, November 1, 2006, and December 1, 2006.

(c) Executive shall be entitled to continue participation in the Company's group health plan for a period of twenty-four (24) months following the Effective Date and such participation will be concurrent with and not in addition to Executive's right to continuation coverage in accordance with Section 4980B of the Code, or any similar state law ( COBRA ). Executive shall pay the full cost of COBRA coverage for the first six months of such coverage. On the date that is six (6) months and one (1) day following the Effective Date, the Company shall reimburse the Executive in an amount equal to the difference between the COBRA rate paid by the Executive for the first six (6) months of coverage and the rate that Executive would have paid if he had remained employed with the Company. For the remaining eighteen (18) months of coverage, the Executive shall pay the cost paid by senior executives of the Company for similar coverage and the Company shall pay any additional costs for such coverage.

(d) Executive shall be fully vested in all options to purchase shares of the Company's common stock listed on Exhibit B hereto, which are granted under the Restricted Stock Purchase Agreement, 1992 Stock Option/Stock Issuance Plan, as amended through May 25, 2001 and/or the 2002 Stock Incentive Plan (collectively the Plans ) which are unvested as of the Effective Date. In addition, Executive's options are hereby amended to provide that they shall remain exercisable pursuant to the terms of the option agreements and the Plans through and including January 14, 2007 or, if earlier, the date such option would otherwise expire without regard to Executive's separation from employment.

(e) Executive shall be entitled to payment for all unreimbursed business expenses and amounts payable under any Company benefit plans in accordance with the terms of the Company's policies and plans.

**3. Non-disparagement and Cooperation.**

(a) The Company and Executive agree that neither the Company nor the Executive will disparage or defame each other; provided, however, that the foregoing shall not restrict or limit in any way the testimony of Executive or a Ligand Party (as defined below) in connection with any judicial or administrative proceeding.

(b) Consistent with Executive's ability to secure and maintain full time employment after the Effective Date, Executive agrees that he will provide reasonable cooperation to the Company, its subsidiaries, affiliates, officers, employees, directors, and their successors and assigns (the Ligand Parties ) at mutually agreeable times and places in response

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to requests made by the Company or their attorneys in matters relating to internal investigations, external investigations, and/or judicial or administrative proceedings arising out of or relating in any way to any facts known to Executive occurring prior to Effective Date, including but not limited to, reasonable cooperation with the Company's independent registered accounting firm in preparation of the Company's quarterly report for the second fiscal quarter on Form 10-Q, as well as, reasonable participation in conferences and meetings, assisting counsel, making himself available for interviews and depositions, providing documents or information, aiding in the analysis of documents, testifying, or complying with any other reasonable requests by the Ligand Parties with respect to the investigation currently pending by the Securities and Exchange Commission. Executive agrees to maintain in confidence (except to the extent required by subpoena or court order) any confidential information regarding past, current or potential claims, governmental proceedings, investigations or administrative or judicial litigation relating to the Ligand Parties. Executive agrees to provide notice of any motion, subpoena, order or other correspondence relating to the Ligand Parties within a reasonable time after his receipt of same, by forwarding such document to the General Counsel of the Company; provided, however, that the foregoing shall not restrict or limit in any way the testimony of Executive or a Ligand Party in connection with any judicial or administrative proceeding. This cooperation is an integral part of this Agreement, and Executive will not be compensated for such cooperation, other than reimbursement for any reasonable expenses Executive may incur in connection with such cooperation.

(c) The Parties acknowledge and agree that all actions taken by the Executive at the request of the Company in connection with this Section 3 shall be subject to and covered by those certain Indemnification Agreements between the Parties dated October 15, 1991 and January 1, 1999 (the Indemnification Agreements) even if taken after the Effective Date and while Executive is no longer an officer or director of the Company and even if any previously available directors and officers insurance no longer applies.

4. **Confidentiality/Nonsolicitation**. Executive acknowledges he executed a Proprietary Information and Inventions Agreement on December 16, 1991 (the Proprietary Information Agreement) that contains certain covenants regarding the Company's proprietary information and nonsolicitation of employees. Executive agrees to abide by the terms of the Proprietary Information Agreement, which shall survive the termination of his employment with the Company and shall continue in full force and effect in accordance with its terms.

5. **Restrictive Modification**. If any of the rights or restrictions contained herein shall be deemed to be unenforceable by reason of the duration or scope of such rights or restrictions, the parties hereby agree that a court of competent jurisdiction shall reduce such duration or scope and enforce such right or restriction in its reduced form for all purposes in the manner contemplated hereby; provided that such duration and scope shall only be reduced to the extent necessary in order to make such right or restriction enforceable.

6. **Mitigation and Offset**. Executive shall not be required to mitigate the amount of any payment provided for in Section 2 of this Agreement by seeking employment or otherwise. Payment or benefit provided for in Section 2 of this Agreement shall not be reduced by any compensation earned by the Executive as a result of employment by another employer, or by retirement benefits.

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**7. Miscellaneous.**

(a) **Survival.** The obligations of the Company in Section 2 of this Agreement and the obligations of the Executive in Sections 2, 3 and 4 of this Agreement will survive the termination of this Agreement.

(b) **Entire Agreement.** Upon its effectiveness this Agreement will supersede any and all existing agreements between the Executive and the Company or any of its subsidiaries or affiliates relating to the terms of Executive's separation of employment with the Company, including but not limited to the Employment Agreement, which upon the Effective Date shall be terminated and cancelled. This Agreement does not supersede or in anyway affect the Executive's or the Company's obligations under (i) the Indemnification Agreements or any claims for indemnity as an officer of the Company the Executive may have by law, under the Company's bylaws or articles of incorporation, or pursuant to any directors and officers liability insurance, (ii) the Plans or (iii) the Proprietary Information Agreement, which shall survive this Agreement and continue on in full force and effect according to the terms and conditions of each such agreement.

(c) **Amendments and Waivers.** No provisions of this Agreement may be amended, modified, waived or discharged except as agreed to in writing by the Executive and the Company. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion will not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) **Successors.** The obligations of this Agreement may not be assigned by the Executive, but may be assigned by the Company to any successor in interest. The benefits of this Agreement may be assigned or encumbered by Executive. This Agreement shall be binding upon and inure to the benefit of the Executive, the Executive's heirs, the Company, and the Company's successors and assigns.

(e) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of California applicable to agreements made and/or to be performed in that State, without regard to any choice of law provisions thereof.

(f) **Withholdings.** The Company shall withhold from any benefit provided or payment due hereunder the usual and customary amount of withholding taxes due any federal, state, or local authority in respect of such benefit or payment and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes; provided, however, that the Company shall provide Executive of notice of withholding and the opportunity to present such information to the Company as the Executive deems relevant regarding such withholdings.

(g) **Severability.** If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will remain in effect, and if such provision is inapplicable to any person or circumstance, it will nevertheless remain applicable to all other persons and circumstances.

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(h) **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

8. **Company Authorization for the Execution and Delivery of This Agreement**. The execution and delivery of this Agreement has been authorized by the Board of Directors of the Company on July 31, 2006, and a copy of the Board Resolution is attached hereto as Exhibit C. Consistent therewith, the Company hereby represents and warrants that all appropriate authorizations for the Company to enter into and be bound by this Agreement have taken place and the two officers signing this Agreement on behalf of the Company are, and have been, expressly authorized to do so by the Company.

IN WITNESS WHEREOF, the Executive has hereto set his hand and the Company has caused these presents to be executed in their name on their behalf, all as of the day and year first above written.

DAVID E. ROBINSON

/s/ David E. Robinson

LIGAND PHARMACEUTICALS  
INCORPORATED

By: /s/ Paul V. Maier

Name: Paul V. Maier  
Title: Senior Vice President, Chief Financial  
Officer

By: /s/ Warner R. Broaddus

Name: Warner R. Broaddus  
Title: Vice President, General & Secretary

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**EXHIBIT A**  
**RELEASE OF CLAIMS**

(1) In consideration of the separation pay and benefits to be provided to me under the terms of Separation Agreement dated as of July 31, 2006 (hereinafter the Separation Agreement ), I, on behalf of myself and my heirs, executors, administrators, attorneys and assigns, hereby waive, release and forever discharge Ligand Pharmaceuticals, Incorporated (hereinafter referred to as the Company ) and the Company s subsidiaries and divisions and the Company s and its subsidiaries and divisions respective directors, officers, and employees (hereinafter collectively referred to as Releasees ), from any and all known or unknown actions, causes of action, complaints, liabilities, obligations, suits, damages, costs, expenses, rights, debts, dues, sums of money, accounts, reckonings, claims and/or demands of any kind or nature whatsoever, in law and/or in equity, whether now known or hereafter discovered, direct or indirect, suspected or claimed against the Releasees, which could be asserted against the Releasees arising out of or related to my employment with and/or separation from employment with any of the Releasees up to and including the date of this Release of Claims, including but not limited to:

(a) claims, actions, causes of action or liabilities arising under Title VII of the Civil Rights Act, as amended, the Age Discrimination in Employment Act, as amended (the ADEA ), the Employee Retirement Income Security Act, as amended, the Rehabilitation Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the California Fair Employment and Housing Act, and/or any other federal, state, municipal, or local employment discrimination statutes or ordinances (including, but not limited to, claims based on age, sex, attainment of benefit plan rights, race, religion, national origin, marital status, sexual orientation, ancestry, harassment, parental status, handicap, disability, retaliation, and veteran status); and/or

(b) any other claim whatsoever including, but not limited to, claims for severance pay, claims based upon breach of contract, wrongful termination, defamation, intentional infliction of emotional distress, tort, personal injury, invasion of privacy, violation of public policy, negligence and/or any other common law, statutory or other claim whatsoever arising out of or relating to my employment with and/or separation from employment with the Company and/or any of the other Releasees.

The Company and other Releasees acknowledge that the release set forth herein is specific to the matters set forth herein and it is not intended to and does not extend to, cover, or impair, among other things: (i) any claims which I may make under state unemployment laws, (ii) any claims for indemnity as an officer of the Company or any Releasee that I may have by law, under the bylaws or articles of incorporation of the Company or any Releasee, pursuant to any directors and officers liability insurance or those certain Indemnification Agreements dated October 15, 1991 and January 1, 1999 (iii) any claim to enforce the terms of the Separation Agreement or any agreement that survives the Separation Agreement as set forth in Section 7(b) of the Separation Agreement, (iv) claims for benefits under any employee benefit plan of the Company in which I was a participant and had accrued benefits as of the Effective Date (as defined in the Separation Agreement), and/or (v) claims which by law I cannot waive ( Excluded Claims ).

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(2) I also agree never to sue any of the Releasees or become party to a lawsuit on the basis of any claim of any type whatsoever arising out of or related to my separation from employment with the Company and/or any of the other Releasees, other than a suit to challenge this Release of Claims under ADEA or any suit for Excluded Claims.

(3) I acknowledge that I received this Release of Claims on July 29, 2006 and have been given at least twenty-one (21) days from that point to consider this Release of Claims. I have consulted with my personal attorney, before signing below and I knowingly and voluntarily signed this Release of Claims prior to expiration of the twenty-one (21) days.

(4) I understand that I may revoke this Release of Claims within seven (7) days after its signing and that any revocation must be made in writing and submitted within such seven day period to the Company. I further understand that if I revoke this Release of Claims, I shall not receive the separation pay nor, if applicable, any separation benefits under the Separation Agreement.

(5) I also understand that the separation pay and separation benefits under the Separation Agreement which I will receive in exchange for signing and not later revoking this Release of Claims Agreement are in addition to anything of value to which I am already entitled.

(6) I FURTHER UNDERSTAND THAT THIS RELEASE OF CLAIMS INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS TO DATE. In giving this Release of Claims, it is further understood and agreed that except with respect to the Excluded Claims, I specifically waive the provisions of Section 1542 of the California Civil Code (and any similar provision of other applicable law) which section reads as follows:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

(7) I acknowledge and agree that if any provision of this Release of Claims is found, held, or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of the Release of Claims shall continue in full force and effect.

(8) This Release of Claims is deemed made and entered into in the State of California without giving effect to its choice of laws provisions, and in all respects shall be interpreted, enforced and governed under applicable federal law and in the event reference shall be made to state law, the internal laws of the State of California. Any dispute under this Release of Claims shall be adjudicated by a court of competent jurisdiction in the State of California.

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(9) I further acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release of Claims and that I voluntarily enter into this Release of Claims by signing below.

David E. Robinson

(Date)

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## EXHIBIT B

o *Personnel Grant Status*

Ligand Pharmaceuticals Incorporated

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ID: 77-0160744

10275 Science Center Drive

San Diego, California 92121

AS OF 7/28/2006

David E. Robinson

STOCK OPTIONS

| Number  | Grant Date | Plan | Type | Granted | Price     | Exercised | Vested  | Cancelled | Unvested | Outstanding | Exercisable |
|---------|------------|------|------|---------|-----------|-----------|---------|-----------|----------|-------------|-------------|
| A00256  | 10/31/1991 | RSPB | RSP  | 83,125  | \$ 0.2165 | 83,125    | 83,125  | 0         | 0        | 0           | 0           |
| A92196  | 1/21/1993  | 02   | ISO  | 16,625  | \$ 7.1429 | 0         | 0       | 16,625    | 0        | 0           | 0           |
| A92301  | 1/27/1994  | 02   | ISO  | 4,166   | \$ 9.9624 | 4,166     | 4,166   | 0         | 0        | 0           | 0           |
| A92308  | 3/25/1994  | 02   | NQ   | 2,660   | \$10.0564 | 2,660     | 2,660   | 0         | 0        | 0           | 0           |
| A92319  | 3/25/1994  | 02   | ISO  | 62      | \$10.0564 | 62        | 62      | 0         | 0        | 0           | 0           |
| AM92301 | 1/27/1994  | 02   | NQ   | 9,134   | \$ 9.9624 | 9,134     | 9,134   | 0         | 0        | 0           | 0           |
| AM92319 | 3/25/1994  | 02   | NQ   | 936     | \$10.0564 | 936       | 936     | 0         | 0        | 0           | 0           |
| B00256  | 11/1/1991  | RSPB | RSP  | 187,500 | \$ 0.2880 | 187,500   | 187,500 | 0         | 0        | 0           | 0           |
| B92196  | 1/22/1993  | 02   | ISO  | 37,500  | \$ 7.3000 | 0         | 0       | 37,500    | 0        | 0           | 0           |
| B92301  | 1/28/1994  | 02   | ISO  | 6,126   | \$10.6700 | 6,126     | 6,126   | 0         | 0        | 0           | 0           |
| B92308  | 3/28/1994  | 02   | NQ   | 6,000   | \$11.2600 | 6,000     | 6,000   | 0         | 0        | 0           | 0           |
| B92319  | 3/28/1994  | 02   | ISO  | 141     | \$11.2600 | 141       | 141     | 0         | 0        | 0           | 0           |
| B92628  | 3/22/1995  | 02   | ISO  | 15,625  | \$ 6.7500 | 0         | 0       | 15,625    | 0        | 0           | 0           |
| B92636  | 4/27/1995  | 02   | NQ   | 18,082  | \$ 5.5000 | 18,082    | 18,082  | 0         | 0        | 0           | 0           |
| B92874  | 4/25/1996  | 02   | ISO  | 13,737  | \$13.3125 | 0         | 0       | 13,737    | 0        | 0           | 0           |
| B93056  | 4/8/1997   | 02   | ISO  | 4,167   | \$10.3750 | 0         | 4,167   | 0         | 0        | 4,167       | 4,167       |
| B93218  | 7/24/1997  | 02   | ISO  | 4,681   | \$12.1250 | 0         | 4,681   | 0         | 0        | 4,681       | 4,681       |
| B93361  | 4/9/1998   | 02   | ISO  | 6,666   | \$15.0000 | 0         | 6,666   | 0         | 0        | 6,666       | 6,666       |
| B93905  | 7/22/1999  | 02   | ISO  | 9,938   | \$10.0625 | 0         | 9,938   | 0         | 0        | 9,938       | 9,938       |
| B94087  | 5/22/2000  | 02   | ISO  | 7,812   | \$11.7500 | 0         | 7,812   | 0         | 0        | 7,812       | 7,812       |
| B94474  | 7/12/2001  | 02   | ISO  | 8,124   | \$ 9.8700 | 0         | 8,124   | 0         | 0        | 8,124       | 8,124       |
| B94743  | 5/16/2002  | 02   | ISO  | 1,653   | \$16.9500 | 0         | 1,653   | 0         | 0        | 1,653       | 1,653       |
| B94970  | 4/29/2003  | 02   | ISO  | 10,812  | \$ 9.2500 | 0         | 2       | 0         | 10,810   | 10,812      | 2           |
| B95433  | 7/7/2004   | 02   | NQ   | 6,949   | \$14.3900 | 0         | 6,949   | 0         | 0        | 6,949       | 6,949       |
| B95868  | 7/5/2005   | 02   | ISO  | 41,378  | \$ 7.2500 | 0         | 9,735   | 0         | 31,643   | 41,378      | 9,735       |
| B96011  | 3/10/2006  | 02   | ISO  | 3,125   | \$11.9000 | 0         | 0       | 0         | 3,125    | 3,125       | 0           |
| BM92301 | 1/28/1994  | 02   | NQ   | 23,874  | \$10.6700 | 23,874    | 23,874  | 0         | 0        | 0           | 0           |
| BM92319 | 3/28/1994  | 02   | NQ   | 2,109   | \$11.2600 | 2,109     | 2,109   | 0         | 0        | 0           | 0           |
| BM92628 | 3/22/1995  | 02   | NQ   | 34,375  | \$ 6.7500 | 0         | 0       | 34,375    | 0        | 0           | 0           |
| BM92874 | 4/25/1996  | 02   | NQ   | 86,263  | \$13.3125 | 0         | 0       | 86,263    | 0        | 0           | 0           |
| BM93056 | 4/8/1997   | 02   | NQ   | 45,833  | \$10.3750 | 0         | 45,833  | 0         | 0        | 45,833      | 45,833      |



**Table of Contents****STOCK OPTIONS****Grant**

| <b>Number</b> | <b>Date</b> | <b>Plan</b> | <b>Type</b> | <b>Granted</b> | <b>Price</b> | <b>Exercised</b> | <b>Vested</b> | <b>Cancelled</b> | <b>Unvested</b> | <b>Outstanding</b> | <b>Exercisable</b> |
|---------------|-------------|-------------|-------------|----------------|--------------|------------------|---------------|------------------|-----------------|--------------------|--------------------|
| BM93218       | 7/24/1997   | 02          | NQ          | 45,319         | \$12.1250    | 0                | 45,319        | 0                | 0               | 45,319             | 45,319             |
| BM93361       | 4/9/1998    | 02          | NQ          | 93,334         | \$15.0000    | 0                | 93,334        | 0                | 0               | 93,334             | 93,334             |
| BM93905       | 7/22/1999   | 02          | NQ          | 90,062         | \$10.0625    | 0                | 90,062        | 0                | 0               | 90,062             | 90,062             |
| BM94087       | 5/22/2000   | 02          | NQ          | 67,188         | \$11.7500    | 0                | 67,188        | 0                | 0               | 67,188             | 67,188             |
| BM94474       | 7/12/2001   | 02          | NQ          | 41,876         | \$ 9.8700    | 0                | 41,876        | 0                | 0               | 41,876             | 41,876             |
| BM94743       | 5/16/2002   | 02          | NQ          | 98,347         | \$16.9500    | 0                | 98,347        | 0                | 0               | 98,347             | 98,347             |
| BM94970       | 4/29/2003   | 02          | NQ          | 164,188        | \$ 9.2500    | 0                | 138,541       | 0                | 25,647          | 164,188            | 138,541            |
| BM95433       | 7/7/2004    | 02          | NQ          | 143,051        | \$14.3900    | 0                | 143,051       | 0                | 0               | 143,051            | 143,051            |
| BM95868       | 7/5/2005    | 02          | NQ          | 58,622         | \$ 7.2500    | 0                | 15,266        | 0                | 43,356          | 58,622             | 15,266             |
| BM96011       | 3/10/2006   | 02          | NQ          | 46,875         | \$11.9000    | 0                | 0             | 0                | 46,875          | 46,875             | 0                  |
|               |             |             |             | 1,548,040      |              | 343,915          | 1,182,459     | 204,125          | 161,456         | 1,000,000          | 838,544            |

**Information Currently on File**

| <b>Tax</b>      | <b>Rate %</b> | <b>Option Broker</b> | <b>Registration</b> | <b>Alternate Address</b> |
|-----------------|---------------|----------------------|---------------------|--------------------------|
| Federal         | 25.000        |                      |                     |                          |
| Social Security | 6.200         |                      |                     |                          |
| Medicare        | 1.450         |                      |                     |                          |
| CA-State        | 9.300         |                      |                     |                          |
| CA-SDI          | 0.800         |                      |                     | *                        |
|                 | 10            |                      |                     |                          |

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**EXHIBIT C**  
**LIGAND PHARMACEUTICALS INCORPORATED**  
**RESOLUTION OF**  
**THE BOARD OF DIRECTORS**  
**ADOPTED JULY 31, 2006**

After discussion, the following resolutions were unanimously adopted:

**Resignation of President, Chairman and Chief Executive Officer**

**WHEREAS**, the Board has consulted with David E. Robinson regarding his resignation as President, Chairman and Chief Executive Officer and

**WHEREAS**, the Board has authorized management to negotiate a Separation Agreement and a Release of Claims between the Company and Mr. Robinson, and management has reviewed and discussed with the Board all of the significant terms of the Separation Agreement and Release of Claims; and

**WHEREAS**, the Board deems it in the best interests of the stockholders and the Company to accept Mr. Robinson's resignation as President, Chairman and Chief Executive Officer and to enter into the Separation Agreement and Release of Claims;

**NOW THEREFORE IT IS HEREBY RESOLVED**, that the Board accepts the resignation of Mr. Robinson as President, Chairman and Chief Executive Officer effective July 31, 2006;

**RESOLVED FURTHER**, that the Board hereby approves the Separation Agreement and the Release of Claims on substantially the terms presented by management and the officers of the Company are hereby authorized and directed to execute such instruments on behalf of and in the name of the Company.

***Omnibus resolutions***

**RESOLVED**, that the officers of the Company and such persons as they may designate to act on their behalf pursuant to the foregoing resolutions are hereby authorized and directed in the name of the Company and on its behalf, to execute any additional certificates, agreements, instruments, regulatory filings, announcements or other documents, or any amendments or supplements thereto, or to do or to cause to be done any and all other acts as they deem necessary or appropriate in furtherance of the purposes of each of the foregoing resolutions and the transactions contemplated therein;

**RESOLVED, FURTHER**, that any and all actions whether heretofore or hereafter taken by the officers of the Company which are consistent with the intent and purposes of the foregoing resolutions, shall be, and the same hereby are, in all respects, ratified, approved and confirmed.

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EXHIBIT 10.2

**RELEASE OF CLAIMS**

(1) In consideration of the separation pay and benefits to be provided to me under the terms of Separation Agreement dated as of July 31, 2006 (hereinafter the Separation Agreement ), I, on behalf of myself and my heirs, executors, administrators, attorneys and assigns, hereby waive, release and forever discharge Ligand Pharmaceuticals, Incorporated (hereinafter referred to as the Company ) and the Company s subsidiaries and divisions and the Company s and its subsidiaries and divisions respective directors, officers, and employees (hereinafter collectively referred to as Releasees ), from any and all known or unknown actions, causes of action, complaints, liabilities, obligations, suits, damages, costs, expenses, rights, debts, dues, sums of money, accounts, reckonings, claims and/or demands of any kind or nature whatsoever, in law and/or in equity, whether now known or hereafter discovered, direct or indirect, suspected or claimed against the Releasees, which could be asserted against the Releasees arising out of or related to my employment with and/or separation from employment with any of the Releasees up to and including the date of this Release of Claims, including but not limited to:

(a) claims, actions, causes of action or liabilities arising under Title VII of the Civil Rights Act, as amended, the Age Discrimination in Employment Act, as amended (the ADEA ), the Employee Retirement Income Security Act, as amended, the Rehabilitation Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the California Fair Employment and Housing Act, and/or any other federal, state, municipal, or local employment discrimination statutes or ordinances (including, but not limited to, claims based on age, sex, attainment of benefit plan rights, race, religion, national origin, marital status, sexual orientation, ancestry, harassment, parental status, handicap, disability, retaliation, and veteran status); and/or

(b) any other claim whatsoever including, but not limited to, claims for severance pay, claims based upon breach of contract, wrongful termination, defamation, intentional infliction of emotional distress, tort, personal injury, invasion of privacy, violation of public policy, negligence and/or any other common law, statutory or other claim whatsoever arising out of or relating to my employment with and/or separation from employment with the Company and/or any of the other Releasees.

The Company and other Releasees acknowledge that the release set forth herein is specific to the matters set forth herein and it is not intended to and does not extend to, cover, or impair, among other things: (i) any claims which I may make under state unemployment laws, (ii) any claims for indemnity as an officer of the Company or any Releasee that I may have by law, under the bylaws or articles of incorporation of the Company or any Releasee, pursuant to any directors and officers liability insurance or those certain Indemnification Agreements dated October 15, 1991 and January 1, 1999 (iii) any claim to enforce the terms of the Separation Agreement or any agreement that survives the Separation Agreement as set forth in Section 7(b) of the Separation Agreement, (iv) claims for benefits under any employee benefit plan of the Company in which I was a participant and had accrued benefits as of the Effective Date (as defined in the Separation Agreement), and/or (v) claims which by law I cannot waive ( Excluded Claims ).

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(2) I also agree never to sue any of the Releasees or become party to a lawsuit on the basis of any claim of any type whatsoever arising out of or related to my separation from employment with the Company and/or any of the other Releasees, other than a suit to challenge this Release of Claims under ADEA or any suit for Excluded Claims.

(3) I acknowledge that I received this Release of Claims on July 29, 2006 and have been given at least twenty-one (21) days from that point to consider this Release of Claims. I have consulted with my personal attorney, before signing below and I knowingly and voluntarily signed this Release of Claims prior to expiration of the twenty-one (21) days.

(4) I understand that I may revoke this Release of Claims within seven (7) days after its signing and that any revocation must be made in writing and submitted within such seven day period to the Company. I further understand that if I revoke this Release of Claims, I shall not receive the separation pay nor, if applicable, any separation benefits under the Separation Agreement.

(5) I also understand that the separation pay and separation benefits under the Separation Agreement which I will receive in exchange for signing and not later revoking this Release of Claims Agreement are in addition to anything of value to which I am already entitled.

(6) I FURTHER UNDERSTAND THAT THIS RELEASE OF CLAIMS INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS TO DATE. In giving this Release of Claims, it is further understood and agreed that except with respect to the Excluded Claims, I specifically waive the provisions of Section 1542 of the California Civil Code (and any similar provision of other applicable law) which section reads as follows:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

(7) I acknowledge and agree that if any provision of this Release of Claims is found, held, or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of the Release of Claims shall continue in full force and effect.

(8) This Release of Claims is deemed made and entered into in the State of California without giving effect to its choice of laws provisions, and in all respects shall be interpreted, enforced and governed under applicable federal law and in the event reference shall be made to state law, the internal laws of the State of California. Any dispute under this Release of Claims shall be adjudicated by a court of competent jurisdiction in the State of California.

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(9) I further acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release of Claims and that I voluntarily enter into this Release of Claims by signing below.

/s/ David E. Robinson  
David E. Robinson

July 31, 2006  
(Date)

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EXHIBIT 99.1

Contact: Paul V. Maier  
Senior Vice President  
and Chief Financial Officer  
858-550-7573

**Ligand Announces that David Robinson Steps Down as Chairman, President  
and CEO; Henry Blissenbach Named Chairman and Interim CEO**

SAN DIEGO, CA August 1, 2006 Ligand Pharmaceuticals Incorporated (NASDAQ: LGND) (the Company or Ligand ) today announced the resignation of David E. Robinson as Chairman, President, Chief Executive Officer and as a director of the Company, effective July 31, 2006. After consultation with the Company's Board of Directors, Mr. Robinson resigned to pursue other opportunities.

The Company also announced that current director Henry F. Blissenbach has been named Chairman and interim Chief Executive Officer of the Company, effective immediately. Dr. Blissenbach has served on the Company's Board of Directors since May 1995, and recently retired as President and Chief Executive Officer of BioScrip, Inc., a publicly-held specialty drug distribution company. Prior to that, he was Chairman, President and Chief Executive Officer of Chronimed, Inc. In a related action, the Company's Board of Directors appointed current director John W. Kozarich, Ph.D. to the Audit Committee of the Company's Board of Directors to replace Dr. Blissenbach due to his appointment as interim Chief Executive Officer. In addition, Dr. Alexander D. Cross has replaced Dr. Blissenbach on the Compensation Committee and the Nominating Committee, and John Groom has been named Chairman of the Compensation Committee.

On behalf of the Board, I want to express our gratitude to David for his 15 years of dedicated service to Ligand. David has built what was a small private research-stage company in 1991 into a publicly traded specialty pharmaceutical company with five marketed products and revenues approaching \$200 million per year, as well as a robust product pipeline. We wish him great success in his new endeavors, said Dr. Blissenbach. Our continuing focus at the Company will be on developing and selling our products and the ongoing process for exploring strategic alternatives to enhance shareholder value.

Daniel S. Loeb, a member of Ligand's Board of Directors and Chief Executive Officer of Third Point LLC, Ligand's largest shareholder, stated, We are excited to work with Hank to continue the process of seeking to maximize value for all Ligand shareholders.

The Company also stated that it will immediately initiate a search for a new Chief Executive Officer, and it expects the search to be completed in a timely manner.

The Company also announced that it intends to release second quarter earnings on August 9, 2006.  
About Ligand

Ligand discovers, develops and markets new drugs that address critical unmet medical needs of patients in the areas of cancer, pain, skin diseases, men's and women's hormone-related diseases, osteoporosis, metabolic disorders, and cardiovascular and inflammatory diseases. Ligand's proprietary drug discovery and development programs are based on its leadership position in gene transcription technology, primarily related to intracellular receptors. For more information, go to [www.ligand.com](http://www.ligand.com).

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Caution Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties and reflect Ligand's judgment as of the date of this release. These statements include those related to developing and selling products and the strategic alternatives exploration process. Actual events or results may differ from our expectations. For example, there can be no assurance that product development will be successful, that any particular level of product sales will continue, that the strategic alternatives process will be successful or yield preferred results, nor that the search for a new Chief Executive Officer will be successfully completed. Additional information concerning these and other risk factors affecting Ligand can be found in prior press releases as well as in public periodic filings with the Securities and Exchange Commission, available via [www.ligand.com](http://www.ligand.com). Ligand disclaims any intent or obligation to update these forward-looking statements beyond the date of this release.

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