

LIGAND PHARMACEUTICALS INC
Form S-4
November 25, 2009
Table of Contents

As filed with the Securities and Exchange Commission on November 25, 2009

Registration No. 333-

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

FORM S-4
REGISTRATION STATEMENT

Under
The Securities Act of 1933

LIGAND PHARMACEUTICALS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	2834 (Primary Standard Industrial Classification Code Number)	77-0160744 (I.R.S. Employer Identification Number)
---	---	--

10275 Science Center Drive
San Diego, California 92121-1117

(858) 550-7500
(Address including zip code, and telephone number, including area code, of registrant's principal executive offices)

John L. Higgins

President and Chief Executive Officer

Ligand Pharmaceuticals Incorporated

10275 Science Center Drive

San Diego, California 92121-1117

(858) 550-7500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Hayden J. Trubitt, Esq.

David F. Hale

Jason L. Kent, Esq.

Michael J. Brown, Esq.

**Executive Chairman and Acting Principal
Executive Officer**

Charles J. Bair, Esq.

Stradling Yocca Carlson & Rauth

Metabasis Therapeutics, Inc.

Cooley Godward Kronish LLP

4365 Executive Drive, Suite 1500

11119 North Torrey Pines Road

4401 Eastgate Mall

San Diego, California 92121

La Jolla, California 92037

San Diego, California 92121

(858) 926-3000

(858) 587-2770

(858) 550-6000

Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Table of Contents

The information in this proxy statement/prospectus is not complete and may be changed. Ligand Pharmaceuticals Incorporated may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this proxy statement/prospectus is a part, is effective. This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities described in this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.

Subject to completion, dated November 25, 2009

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Dear Fellow Stockholder:

The board of directors of Metabasis Therapeutics, Inc. has unanimously approved a merger agreement that provides for the merger of Moonstone Acquisition, Inc., a wholly owned subsidiary of Ligand Pharmaceuticals Incorporated, with and into Metabasis. As a result of the merger, Metabasis will become a wholly owned subsidiary of Ligand.

As is more fully described in the accompanying proxy statement/prospectus, in connection with the merger, each share of Metabasis common stock will be converted into the right to receive a pro rata portion of a total cash payment equal to \$3,207,500 (cash consideration) less Metabasis' estimated net liabilities (as defined in the merger agreement) at closing and also less \$150,000 to be deposited in the Stockholders Representative's fund. Metabasis currently estimates the total closing payment to be approximately \$1.8 million in cash. In addition, each Metabasis stockholder will receive, for each share of Metabasis stock held, (i) one Roche CVR, (ii) one TR Beta CVR, (iii) one Glucagon CVR and (iv) one General CVR (each as defined in Certain Terms of the Merger Agreement CVR Agreements below).

We describe in detail the terms of the merger, including the contingent value rights, in the accompanying proxy statement/prospectus under the caption Certain Terms of the Merger Agreement beginning on page 76, which we urge you to read carefully. The common stock of Metabasis is quoted on the Nasdaq Capital Market under the symbol MBRX.

The merger cannot be completed unless Metabasis stockholders adopt the merger agreement and approve the merger contemplated by the merger agreement at the special meeting of Metabasis stockholders to be held on [], 2010. We describe in detail the special meeting of Metabasis stockholders in the accompanying proxy statement/prospectus under the caption The Special Meeting of Metabasis Stockholders beginning on page 41, which we urge you to read carefully. More information about Ligand, Metabasis and the merger is contained in the accompanying proxy statement/prospectus. **We encourage you to read the proxy statement/prospectus and to carefully consider the risk factors beginning on page 22 of the accompanying proxy statement/prospectus before voting.**

Your vote is very important. Whether or not you plan to attend the special meeting of Metabasis stockholders, please take the time to vote your shares. You may vote your shares by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope.

Thank you for your continued support.

Sincerely,

David F. Hale

Executive Chairman and Acting Principal Executive Officer

Metabasis Therapeutics, Inc.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER, OR DETERMINED WHETHER THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Edgar Filing: LIGAND PHARMACEUTICALS INC - Form S-4

Tran B. Nguyen, M.B.A.

Vice President of Finance, Chief Financial Officer and Corporate Secretary

San Diego, California

[], 2009

Table of Contents

THIS PROXY STATEMENT/PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Ligand from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon written or oral request. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see *Where You Can Find More Information* beginning on page 114 of this proxy statement/prospectus.

Ligand will provide you with copies of this information relating to Ligand (excluding all exhibits unless Ligand has specifically incorporated by reference an exhibit in this proxy statement/prospectus) without charge, upon written or oral request to:

Ligand Pharmaceuticals Incorporated

10275 Science Center Drive

San Diego, California 92121

Attn: Investor Relations

(858) 550-7500

Beginning December 1, 2009, please use instead the following address for Ligand: 11085 North Torrey Pines Road, Suite 300, La Jolla, California 92037.

This proxy statement/prospectus incorporates important business and financial information about Metabasis from documents that are delivered with this proxy statement/prospectus. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus, see *Where You Can Find More Information* beginning on page 114 of this proxy statement/prospectus.

Metabasis will provide you with additional copies of this information relating to Metabasis (excluding all exhibits unless Metabasis has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

Metabasis Therapeutics, Inc.

11119 North Torrey Pines Road

La Jolla, California 92037

Attn: Corporate Secretary

(858) 587-2770

In order to receive timely delivery of the documents before the special meeting, you must make your requests no later than [].

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, or SEC, by Ligand, constitutes a prospectus of Ligand under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the CVRs to be issued to Metabasis stockholders in connection with the merger. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the special meeting of Metabasis stockholders to consider and vote upon the proposal to adopt the merger agreement and approve the merger. Except as otherwise provided herein, all descriptions of and calculations with respect to the terms of the merger agreement and the transactions contemplated by the merger agreement, including the merger, assume that no Metabasis stockholders exercise their appraisal rights under Delaware law.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	6
<u>LIGAND PHARMACEUTICALS INCORPORATED SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION</u>	17
<u>METABASIS THERAPEUTICS, INC. SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION</u>	19
<u>SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	21
<u>RISK FACTORS</u>	22
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	39
<u>THE COMPANIES</u>	40
<u>THE SPECIAL MEETING OF METABASIS STOCKHOLDERS</u>	41
<u>General</u>	41
<u>Date, Time and Place</u>	41
<u>Purpose of the Meeting</u>	41
<u>Quorum Required</u>	41
<u>Voting Rights</u>	41
<u>Proxies</u>	41
<u>Revocation of Proxies</u>	42
<u>Metabasis Votes Required</u>	42
<u>Recommendation of Metabasis Board of Directors</u>	42
<u>Voting in Person</u>	43
<u>Adjournments and Postponements</u>	43
<u>Stock Certificates</u>	43
<u>Solicitation of Proxies</u>	43
<u>Questions and Additional Information</u>	44
<u>Availability of Documents</u>	44
<u>THE MERGER</u>	45
<u>General</u>	45
<u>General Description of the Merger</u>	45
<u>Treatment of Stock Options and Warrants</u>	47
<u>Background of the Merger</u>	47
<u>Metabasis Reasons for the Merger; Recommendation of Metabasis Board of Directors</u>	53
<u>Opinion of Metabasis Financial Advisor</u>	55
<u>Ligand's Reasons for the Merger</u>	65
<u>Interests of Metabasis Executive Officers and Directors in the Merger</u>	66
<u>Regulatory Filings and Approvals Required to Complete the Merger</u>	68
<u>Delisting and Deregistration of Metabasis Common Stock</u>	69
<u>Material United States Federal Income Tax Consequences of the Merger</u>	69
<u>Anticipated Accounting Treatment</u>	72
<u>Appraisal Rights of Dissenting Metabasis Stockholders</u>	72
<u>CERTAIN TERMS OF THE MERGER AGREEMENT</u>	76
<u>The Merger</u>	76
<u>Effective Time of the Merger</u>	76
<u>Manner and Basis of Converting Shares</u>	76

Table of Contents

TABLE OF CONTENTS

(Continued)

	Page
<u>Metabasis Stock Options and Warrants</u>	78
<u>Representations and Warranties</u>	78
<u>Metabasis Interim Operations</u>	78
<u>Ligand s Interim Operations</u>	80
<u>Covenants</u>	81
<u>Stockholders Representative</u>	84
<u>Indemnification; Directors and Officers Insurance</u>	85
<u>Limitation on Metabasis Ability to Consider Other Acquisition Proposals</u>	85
<u>Obligations of the Metabasis Board of Directors with Respect to its Recommendation and Holding a Meeting of Stockholders</u>	87
<u>Conditions to the Merger</u>	88
<u>Termination of the Merger Agreement</u>	91
<u>Termination Fee</u>	92
<u>Fees and Expenses</u>	93
<u>Amendment</u>	93
<u>CVR Agreements</u>	93
<u>Voting Agreements</u>	101
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS OF METABASIS</u>	102
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	105
<u>EXPERTS</u>	114
<u>LEGAL MATTERS</u>	114
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	114
<u>INCORPORATION BY REFERENCE</u>	115
ANNEXES:	

<u>Annex A</u>	Agreement and Plan of Merger	Annex A-1
<u>Annex B</u>	Form of Roche Contingent Value Rights Agreement	Annex B-1
<u>Annex C</u>	Form of TR Beta Contingent Value Rights Agreement	Annex C-1
<u>Annex D</u>	Form of Glucagon Contingent Value Rights Agreement	Annex D-1
<u>Annex E</u>	Form of General Contingent Value Rights Agreement	Annex E-1
<u>Annex F</u>	Section 262 of the General Corporation Law of the State of Delaware	Annex F-1
<u>Annex G</u>	Opinion of Merriman Curhan Ford & Co.	Annex G-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving this proxy statement/prospectus?

A: Ligand Pharmaceuticals Incorporated, or Ligand, has agreed to acquire Metabasis Therapeutics, Inc., or Metabasis, under the terms of an Agreement and Plan of Merger, dated October 26, 2009 (and as amended), or the merger agreement, that is described in this proxy statement/prospectus. Please see the sections entitled "The Merger" and "Certain Terms of the Merger Agreement" beginning on pages 45 and 76, respectively, of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the transactions contemplated by the merger agreement, including Ligand's acquisition of Metabasis, Metabasis stockholders must adopt the merger agreement by the affirmative vote of the holders of a majority of the shares of Metabasis common stock outstanding on the record date for the special meeting and all other conditions to the merger must be satisfied or waived. You are receiving this proxy statement/prospectus because you have been identified as a Metabasis stockholder as of [], 2009, the record date for the special meeting, and thus you are entitled to vote at the special meeting. This document serves as a proxy statement/prospectus of Metabasis, used to solicit proxies for the special meeting, and as a prospectus of Ligand, used to offer CVRs to stockholders of Metabasis pursuant to the terms of the merger agreement. This document contains important information about the merger and the special meeting, and you should read it carefully.

Q: When and where is the special meeting of Metabasis stockholders?

A: The special meeting of Metabasis stockholders will be held on [], 2010, starting at [], local time, at the offices of Cooley Godward Kronish LLP, located at 4401 Eastgate Mall, San Diego, California 92121.

Q: On what matters am I being asked to vote on?

A: Metabasis stockholders are being asked to consider and vote on the following items:

the adoption of the merger agreement and approval of the merger;

a proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement and approve the merger; and

to transact such other business as may properly come before the special meeting and any adjournments or postponements thereof.

Q: What is the merger?

A: Under the terms of the merger agreement, Moonstone Acquisition, Inc., a wholly-owned subsidiary of Ligand, or Merger Sub, will merge with and into Metabasis, with Metabasis continuing as the surviving entity. The merger of Merger Sub with and into Metabasis is referred to herein as the merger. Upon completion of the merger, each outstanding share of Metabasis common stock will be converted into the right to receive a combination of cash and contingent value rights, or CVRs. For a more

Edgar Filing: LIGAND PHARMACEUTICALS INC - Form S-4

complete description of the merger, please see the section entitled "The Merger" beginning on page 45 of this proxy statement/prospectus.

Q: As a Metabasis stockholder, what will I receive in the merger?

A: If the merger agreement is adopted by Metabasis stockholders and the other conditions to the merger are satisfied or waived, then upon completion of the merger, each share of Metabasis common stock will be

Table of Contents

converted into the right to receive a pro rata portion of a total cash payment equal to \$3,207,500 (cash consideration) less Metabasis estimated net liabilities (as defined in the merger agreement) at closing and also less \$150,000 to be deposited in the Stockholders Representative's fund. Metabasis currently estimates the total closing payment to be approximately \$1.8 million in cash. In addition, each Metabasis stockholder will receive, for each share of Metabasis stock held, (i) one Roche CVR, (ii) one TR Beta CVR, (iii) one Glucagon CVR and (iv) one General CVR (each as defined in Certain Terms of the Merger Agreement CVR Agreements below).

Please see the sections entitled The Merger General and Certain Terms of the Merger Agreement CVR Agreements beginning on pages 45 and 93, respectively, of this proxy statement/prospectus for a description of the merger consideration.

Q: Who will be appointed Stockholders Representative for the merger?

A: David F. Hale, currently Executive Chairman and Acting Principal Executive Officer of Metabasis, will be appointed as Stockholders Representative upon adoption of the merger agreement.

Q: What is required to consummate the merger?

A: To consummate the merger, Metabasis stockholders must adopt the merger agreement, which requires the affirmative vote of the holders of a majority of the voting power of the shares of Metabasis common stock outstanding on the record date for the special meeting. In addition to obtaining Metabasis stockholder approval, each of the other closing conditions set forth in the merger agreement must be satisfied or waived. For a more complete description of the closing conditions under the merger agreement, please see the section entitled Certain Terms of the Merger Agreement Conditions to the Merger beginning on page 88 of this proxy statement/prospectus.

Q: How does Metabasis board of directors recommend that I vote?

A: After careful consideration, Metabasis board of directors approved the merger agreement and the merger and unanimously declared that the merger agreement and the merger, upon the terms and subject to the conditions set forth in the merger agreement, are advisable and in the best interests of Metabasis and its stockholders. Accordingly, Metabasis board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement and approve the merger, and FOR the proposal to adjourn the special meeting to a later date or dates, if necessary, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement and approve the merger. To review the background of the merger and Metabasis board of directors reasons for recommending the merger in greater detail, see the sections entitled The Merger Background of the Merger and The Merger Metabasis Reasons for the Merger; Recommendation of Metabasis Board of Directors beginning on pages 47 and 53, respectively, of this proxy statement/prospectus.

Q: What risks should I consider in deciding whether to vote in favor of the merger?

A: You should carefully review the section of this proxy statement/prospectus entitled Risk Factors beginning on page 22 of this proxy statement/prospectus, which sets forth certain risks and uncertainties related to the merger, risks and uncertainties to which the combined company's business will be subject and risks and uncertainties to which Ligand, as an independent company, is subject.

Q: When do the parties expect to complete the merger?

A: The parties are working towards completing the merger as quickly as possible. The merger is expected to close during the first calendar quarter of 2010. However, because completion of the merger is subject to various conditions, Ligand and Metabasis cannot predict the

exact timing of the merger or whether the merger will occur at all.

Table of Contents

Q: Am I entitled to appraisal rights?

A: Under Delaware law, holders of Metabasis common stock are entitled to appraisal rights in connection with the merger pursuant to Section 262(d) of the Delaware General Corporation Law. Failure to take any of the steps required under Section 262(d) of the Delaware General Corporation Law on a timely basis may result in a loss of those appraisal rights. The provisions of the Delaware General Corporation Law that grant appraisal rights and govern such procedures are attached as Annex F to this proxy statement/prospectus. For a more complete description of your appraisal rights, see the section entitled *The Merger Appraisal Rights of Dissenting Metabasis Stockholders* on page 72 of this proxy statement/prospectus.

Q: What will happen to any options or warrants to acquire Metabasis common stock in the merger?

A: Metabasis board of directors, by operation of existing agreements or by resolution, will take all requisite actions such that immediately before the effective time of the merger each holder of outstanding Metabasis options shall be entitled to exercise in full all Metabasis options held by such holder by paying the exercise price therefor in exchange for shares of Metabasis common stock in accordance with the applicable Metabasis equity plan or arrangement. All outstanding Metabasis options not exercised, shall be terminated and canceled at the time of the merger without any payment or liability on the part of Metabasis. No replacement options will be issued.

Metabasis has agreed to use reasonable best efforts to enter into agreements with the holders of outstanding Metabasis warrants to terminate and cancel all such warrants, effective immediately before the effective time of the merger, without any payment or liability on the part of Metabasis. If any Metabasis warrant remains outstanding after the effective time of the merger and the holder thereof exercises such Metabasis warrant before its expiration or termination date, then Ligand shall issue and pay in respect of such exercised Metabasis warrant, in exchange for the payment of the applicable exercise price, on a per-exercised-share basis, equivalent consideration as is paid in respect of each issued and outstanding share of Metabasis common stock as of immediately before the merger.

See the section entitled *Certain Terms of the Merger Agreement Metabasis Stock Options and Warrants* beginning on page 78 of this proxy statement/prospectus.

Q: Will my rights as a Metabasis stockholder change as a result of the merger?

A: Yes. You will no longer be a Metabasis stockholder, and you will become a holder of Ligand CVRs as a result of the merger and will have rights after the completion of the merger that are governed by California law and the CVR agreements.

Q: Will I be able to trade the CVRs that I receive in connection with the merger?

A: The CVRs issued to Metabasis stockholders in connection with the merger will not be listed on any securities exchange but will be generally tradable, subject to certain procedures as set forth in more detail in this proxy statement/prospectus and the CVR agreements.

Q: What are the United States federal income tax consequences of the merger?

A: The receipt of the merger consideration by a U.S. holder in exchange for Metabasis shares will be a taxable transaction for United States federal income tax purposes. The amount of gain or loss a U.S. holder recognizes, and the timing of such gain or loss, depends in part on the United States federal income tax treatment of the CVRs, with respect to which there is substantial uncertainty. A Metabasis stockholder's gain or loss will also be determined by the stockholder's tax basis in his shares of Metabasis common stock. For a more complete description of the tax consequences of the merger, see the section entitled *The Merger Material United States Federal Income Tax Consequences of the Merger* beginning on page 69 of this proxy statement/prospectus.

Table of Contents

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, you are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Q: What should I do now?

A: You should carefully read this proxy statement/prospectus, including its annexes and the documents incorporated by reference, and consider how the merger will affect you. Ligand and Metabasis urge you to then respond by voting your shares through one of the following means:

by mail, by completing, signing, dating and mailing each proxy card (if you are a registered stockholder, meaning that you hold your stock in your name) or voting instruction card (if your shares are held in street name, meaning that your shares are held in the name of a broker, bank or other nominee) and returning it in the envelope provided;

via the Internet, at the address provided on each proxy card or voting instruction card (if your bank, broker or nominee makes Internet voting available);

via telephone, using the toll-free number listed on each proxy card or voting instruction card (if your bank, broker or nominee makes telephone voting available); or

in person, by attending the special meeting and submitting your vote in person (special requirements apply if your shares are held in street name and you wish to vote in person).

Q: What happens if I do not return a proxy card or otherwise vote?

A: The failure to return your proxy card, vote using the telephone or via the Internet or vote in person at the special meeting will have the same effect as voting AGAINST adoption of the merger agreement and approval of the merger, and will have no effect on the proposal for possible adjournment of the special meeting.

Q: What happens if I return a signed and dated proxy card but do not indicate how to vote my proxy?

A: If you do not include instructions on how to vote your properly signed and dated proxy, your shares will be voted FOR adoption of the merger agreement and approval of the merger, and FOR approval of possible adjournment, if any, of the special meeting.

Q: May I vote in person at the special meeting?

A: If your shares of Metabasis common stock are registered directly in your name with Metabasis transfer agent, you are considered, with respect to those shares, the stockholder of record, and the proxy materials and proxy card are being sent directly to you by Metabasis. If you are a Metabasis stockholder of record, you may attend the special meeting and vote your shares in person, rather than signing and returning your proxy card or otherwise voting by Internet or telephone.

Edgar Filing: LIGAND PHARMACEUTICALS INC - Form S-4

If your shares of Metabasis common stock are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and the proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you are also invited to attend the special meeting. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the special meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the special meeting.

Table of Contents

Q: May I change my vote after I have mailed my signed and dated proxy card or otherwise voted?

A: Yes. If you have submitted a proxy, you may change your vote at any time before your proxy is voted at the Metabasis special meeting of stockholders. You can do this one of four ways. First, you can send a written, dated notice to the Corporate Secretary of Metabasis stating that you would like to revoke your proxy. Second, you can complete, sign, date and submit (in time to reach Metabasis before the beginning of the special meeting) a new later-dated proxy card. Third, you can submit another proxy via the Internet or telephone. Fourth, if you are a stockholder of record or you obtain a legal proxy from your broker, trustee or nominee, you can attend the special meeting and vote in person. Your attendance at the special meeting alone will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions received from your broker to change those instructions.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares without instructions from you. Therefore, you should provide your broker with instructions on how to vote your shares, following the procedure provided by your broker. The failure to provide such voting instructions to your broker will have the same effect as voting AGAINST adoption of the merger agreement and approval of the merger, and will have no effect on the proposal for possible adjournment of the special meeting.

Q: Should I send in my Metabasis stock certificates now?

A: No. If you are a Metabasis stockholder, after the merger is completed a letter of transmittal will be sent to you informing you where to deliver your Metabasis stock certificates in order to receive the merger consideration. You should not send in your Metabasis common stock certificates before receiving the letter of transmittal.

Q: Who is soliciting this proxy?

A: Metabasis is conducting this proxy solicitation and will bear the cost of soliciting proxies. In addition, Metabasis may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Metabasis directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts.

Q: Who can help answer my additional questions?

A: Metabasis stockholders who would like additional copies, without charge, of this proxy statement/prospectus or have additional questions about the merger, including the procedures for voting their shares of Metabasis common stock, should contact:

Metabasis Therapeutics, Inc.

11119 North Torrey Pines Road

La Jolla, California 92037

Attn: Corporate Secretary

(858) 587-2770

Table of Contents

SUMMARY

This summary highlights selected information contained or incorporated by reference in this proxy statement/prospectus. You should read carefully this entire proxy statement/prospectus and the documents referred to in this proxy statement/prospectus for a more complete description of the terms of the merger and related transactions. The merger agreement is attached as Annex A to this proxy statement/prospectus, and the forms of CVR agreements related thereto are attached as Annex B, Annex C, Annex D and Annex E to this proxy statement/prospectus. Additional documents and information, including important business and financial information about Ligand and Metabasis, are incorporated by reference into this proxy statement/prospectus. You are encouraged to read the merger agreement as it is the legal document that governs the merger. It is also important that you read the forms of CVR agreements and the additional documents incorporated by reference. In this proxy statement/prospectus, unless the context otherwise requires, Ligand refers to Ligand Pharmaceuticals Incorporated and its subsidiaries, Metabasis refers to Metabasis Therapeutics, Inc. and its subsidiary, and Merger Sub refers to Moonstone Acquisition, Inc., a wholly-owned subsidiary of Ligand.

The Companies

Ligand Pharmaceuticals Incorporated

Ligand Pharmaceuticals Incorporated (NASDAQ: LGND), a Delaware corporation, is a biotechnology company that focuses on discovering and developing new drugs that address critical unmet medical needs in the areas of thrombocytopenia, anemia, cancer, hormone related diseases, osteoporosis and inflammatory diseases. Ligand aims to develop drugs that are more effective and/or safer than existing therapies, that are more convenient to administer and that are cost effective. Ligand plans to build a profitable company by generating income from research, milestone and royalty and co-promotion revenues resulting from its collaborations with pharmaceutical partners.

Ligand was incorporated in Delaware in 1987. Ligand's principal executive offices are located at 10275 Science Center Drive, San Diego, California 92121. Beginning December 1, 2009, Ligand's principal executive offices will be located at 11085 North Torrey Pines Road, Suite 300, La Jolla, California 92037. Ligand's telephone number is (858) 550-7500.

Moonstone Acquisition, Inc.

Moonstone Acquisition, Inc., or Merger Sub, is a Delaware corporation and a wholly-owned subsidiary of Ligand organized in October 2009. Merger Sub does not engage in any operations and exists solely to facilitate the merger. Its principal executive offices have the same address and telephone number as Ligand.

Metabasis Therapeutics, Inc.