

**UNITED STATES  
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): March 6, 2019**

**LIGAND PHARMACEUTICALS INCORPORATED**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**3911 Sorrento Valley Boulevard, Suite 110**  
**San Diego, CA**  
(Address of principal executive offices)

**001-33093**  
(Commission File Number)

**77-0160744**  
(I.R.S. Employer  
Identification No.)

**92121**  
(Zip Code)

**(858) 550-7500**

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

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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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 2.01 Completion of Acquisition or Disposition of Assets.**

On March 6, 2019, Ligand Pharmaceuticals Incorporated (“Ligand”) closed the previously announced sale of its rights, title and interest in and to that certain Research, Development and License Agreement, dated December 29, 1994, by and between Novartis Pharma AG (as successor in interest to SmithKline Beecham Corporation) and Ligand (as amended, the “License Agreement”), including Ligand’s right to receive royalty payments on worldwide net sales of Promacta pursuant to the terms of the License Agreement, that certain Settlement Agreement and Mutual Release, dated as of February 11, 2009, by and between the Seller and The Rockefeller University and any know-how or other assets, property or rights owned by Ligand and pertaining to the business of the License Agreement, (collectively, the “Purchased Assets”) to RPI Finance Trust (“RPI”), doing business as “Royalty Pharma” (the “Closing”). At the Closing, RPI paid Ligand \$827.0 million in cash.

The information set forth in Item 1.01 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 5, 2019 is incorporated into this Item 2.01 by reference.

In connection with the Closing, Ligand is filing herewith certain pro forma financial information related to the sale of the Purchased Assets, which is attached hereto as Exhibit 99.1.

## **Item 9.01 Financial Statements and Exhibits.**

### **(b) Pro Forma Financial Information.**

The Unaudited Pro Forma Financial Statements of Ligand reflecting the Closing of the sale of the Purchased Assets are filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference:

- i. Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2018.
- ii. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 2018.

<b>Exhibit No.</b>	<b>Description</b>
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<a href="#"><u>99.1</u></a>	Unaudited pro forma condensed consolidated balance sheet as of December 31, 2018 and unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2018
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## SIGNATURES

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

LIGAND PHARMACEUTICALS INCORPORATED

Date: March 6, 2019

By: /s/ Charles Berkman

Name: Charles Berkman

Title: Senior Vice President, General Counsel and Secretary

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated statement of operations have been prepared to assist you in your analysis of the financial effects of the sale of the Purchased Assets, and have been presented in accordance with U.S. generally accepted accounting principles. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2018 combines the historical results for Ligand for the twelve months ended December 31, 2018 and the pro forma adjustments as if the sale of the Purchased Assets had occurred on January 1, 2018. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2018 gives effect to the sale of the Purchased Assets as of such date. Our accounting for the pro forma adjustments is preliminary pending completion of several elements, including finalizing after-tax gain on the sale of the Purchased Assets. Accordingly, there may be material adjustments to the pro forma adjustments.

This pro forma financial information does not purport to represent what our actual results of operations or financial position would have been had the sale of the Purchased Assets occurred on the dates indicated nor is the information necessarily indicative of future operating results. The pro forma adjustments are based upon information and assumptions available at the time of the filing of this Form 8-K. You should read our pro forma condensed consolidated financial information in conjunction with our consolidated financial statements and the related notes, our “Selected Consolidated Financial and Operating Data,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which all appear in our Annual Report on Form 10-K for the year ended December 31, 2018.

[Tables Follow]

**LIGAND PHARMACEUTICALS INCORPORATED**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Unaudited, in thousands, except per share amounts)

	<b>Historical Ligand</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Revenues:</b>			
Royalties	\$ 128,556	\$ (99,300) (a)	\$ 29,256
Material sales	29,123		29,123
License fees, milestones and other revenues	93,774		93,774
Total revenues	251,453	(99,300)	152,153
<b>Operating costs and expenses:</b>			
Cost of material sales	6,337		6,337
Amortization of intangibles	15,792		15,792
Research and development	27,863		27,863
General and administrative	37,734	500 (b)	38,234
Total operating costs and expenses	87,726	500	88,226
Gain from sale of Promacta license	—	(827,000) (c)	(827,000)
Income from operations	163,727	727,200	890,927
<b>Other income (expenses):</b>			
Gain (loss) from Viking	50,187		50,187
Interest income	13,999		13,999
interest expense	(48,276)		(48,276)
Other income (expense), net	(6,307)		(6,307)
Total other income (expense), net	9,603	—	9,603
Income before income taxes	173,330	727,200	900,530
Income tax expense	(30,009)	(152,267) (d)	(182,276)
<b>Net income:</b>	\$ 143,321	\$ 574,933	\$ 718,254
<b>Net income per common share:</b>			
Basic	\$ 6.77		\$ 33.94
Diluted	\$ 5.96		29.84
<b>Weighted average per common share:</b>			
Basic	21,160		21,160
Diluted	24,067		24,067

**LIGAND PHARMACEUTICALS INCORPORATED**  
**PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2018**

(Unaudited, in thousands)

	<u>Historical Ligand</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 117,164	\$ 827,000 (c)	\$ 944,164
Short-term investments	601,217		601,217
Investment in Viking	46,191		46,191
Accounts receivable, net	55,850		55,850
Inventory	7,124		7,124
Derivative assets	22,576		22,576
Other current assets	20,418		20,418
Total current assets	<u>870,540</u>	<u>827,000</u>	<u>1,697,540</u>
Deferred income taxes, net	46,521	(46,521) (e)	—
Intangible assets, net	219,793		219,793
Goodwill	86,646		86,646
Commercial license rights	31,460		31,460
Property and equipment, net	5,372		5,372
Other assets	471		471
Total assets	<u>\$ 1,260,803</u>	<u>\$ 780,479</u>	<u>\$ 2,041,282</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 4,183	\$ 500 (b)	\$ 4,683
Accrued liabilities	19,200		19,200
Income tax payable	—	100,558 (e)	100,558
Current contingent liabilities	5,717		5,717
Deferred revenue	3,286		3,286
Derivative liability	23,430		23,430
2019 convertible senior notes, net	26,433		26,433
Total current liabilities	<u>82,249</u>	<u>101,058</u>	<u>183,307</u>
2023 convertible senior notes, net	609,864		609,864
Deferred income taxes, net	—	10,693 (e)	10,693
Long-term contingent liabilities	6,825		6,825
Other long-term liabilities	951	7,222 (e)	8,173
Total liabilities	<u>699,889</u>	<u>118,973</u>	<u>818,862</u>
Total stockholders' equity	<u>560,914</u>	<u>661,506</u>	<u>1,222,420</u>
Total liabilities and stockholders' equity	<u>\$ 1,260,803</u>	<u>\$ 780,479</u>	<u>\$ 2,041,282</u>

- (a) To reflect the elimination of the Promacta license revenue during the period presented.
- (b) To reflect the additional transaction costs in connection with the sale of the Purchased Assets during the period.
- (c) To reflect the cash proceeds received upon the sale of the Purchased Assets.
- (d) To reflect the related income tax expense in connection with the sale of the Purchased Assets.
- (e) To reflect the estimated tax adjustments in connection with the sale of the Purchased Assets. The estimated after-tax gain on the sale of the Purchased Assets as if the transaction had closed on December 31, 2018 is approximately \$643 million and is included in the stockholders' equity of the unaudited pro forma condensed consolidated balance sheet as of December 31, 2018. The actual gain will be determined as of March 6, 2019, the closing date, and could be materially different from this estimate.

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