UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Mark One
[X] Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, l996 or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _____ to _____. Commission File Number: 0-20720

LIGAND PHARMACEUTICALS INCORPORATED
(Exact Name of Registrant as Specified in its Charter)

Delaware	77-0160744
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

9393 Towne Centre Drive San Diego, CA	92121 (Zip Code)

(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: (619)535-3900

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

As of April 12, 1996 the registrant had 28,017,136 shares of Common Stock outstanding.

LIGAND PHARMACEUTICALS INCORPORATED
QUARTERLY REPORT

FORM 10-Q

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* No information provided due to inapplicability of item.

<TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1 FINANCIAL STATEMENTS

LIGAND PHARMACEUTICALS INCORPORATED
Consolidated Balance Sheets
(in thousands, except share data)

<CAPTION>

	March 31, 1996	December 31, 1995
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 16,503	$ 15,963
Short-term investments (cost $48,867 at March 31, l996)	48,716	54,182
Receivable from a related party	1,908	2,286
Other current assets	721	577
Total current assets	67,848	73,008
Restricted short-term investments	3,747	6,759
Property and equipment, net	12,579	12,272
Notes receivable from officers and employees	424	485
Other assets	1,036	1,070
	$ 85,634	$ 93,594
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,657	$ 3,940
Accrued liabilities	5,911	6,705
Deferred revenue	2,533	2,608
Current portion of obligations under capital leases	2,662	2,406
Total current liabilities	12,763	15,659
Long-term obligations under capital leases	8,677	8,585
Convertible subordinated debentures	31,947	31,279
Convertible note	10,000	10,000
Stockholders' equity:		
Convertible preferred stock, $.001 par value; 5,000,000 shares authorized;		

none issued	-- --	-- --
Common stock, $.001 par value; 80,000,000 shares authorized 28,017,136 shares and 27,800,597 shares issued at March 31, l996 and December 31, 1995, respectively	28	28
Paid-in capital	174,589	173,452
Warrant subscription receivable	(4,165)	(4,524)
Adjustment for unrealized gains (losses) on available-for-sale securities	(151)	217
Accumulated deficit	(147,361)	(140,281)
Deferred compensation and consulting fees	(691)	(819)
	22,249	28,073
Less treasury stock, at cost	(2)	(2)
Total stockholders' equity	22,247	28,071
	$ 85,634	$ 93,594

<FN>
SEE ACCOMPANYING NOTES.

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LIGAND PHARMACEUTICALS INCORPORATED
Consolidated Statements of Operations
(Unaudited)
(in thousands, except share data)

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	Three Months Ended March 31,	
	1996	1995
<S>	<C>	<C>
Revenues:		
Collaborative research and development:		
Related parties	$ 3,236	$ 2,131
Unrelated parties	5,475	2,483
Other	57	-- --
	8,768	4,614
Costs and expenses:		
Research and development	12,270	6,961
Selling, general and administrative	2,618	1,700
Total operating expenses	14,888	8,661
Loss from operations	(6,120)	(4,047)
Interest income	1,097	466
Interest expense	(2,057)	(367)
Equity in operations of joint venture	-- --	(1,805)
Net loss	$ (7,080)	$ (5,753)
Net loss per share	$ (.25)	$ (.31)
Shares used in computing loss per share	27,916,200	18,346,335

<FN>
SEE ACCOMPANYING NOTES.

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LIGAND PHARMACEUTICALS INCORPORATED
Consolidated Statements of Cash Flows

(Unaudited)
(in thousands)

<CAPTION>

	Three Months Ended March 31, 1996	1995
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net loss	$ (7,080)	$ (5,753)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	942	423
Equity in operations of joint venture	-- --	1,805
Amortization of notes receivable from officers and employees	61	68
Amortization of deferred compensation and consulting fees	127	182
Accretion of debt discount	669	-- --
Change in operating assets and liabilities:		
Other current assets	(144)	613
Receivable from a related party	378	444
Accounts payable and accrued liabilities	(3,078)	(1,209)
Deferred revenue	(74)	532
Net cash used in operating activities	(8,199)	(2,895)
INVESTING ACTIVITIES		
Purchase of short-term investments	(23,020)	(1,838)
Proceeds from short-term investments	28,118	8,562
Increase in notes receivable from officers and employees	-- --	(110)
Increase in deposits and other assets	-- --	(369)
Decrease in deposits and other assets	34	43
Purchase of property and equipment	(443)	(335)
Investment in joint venture	-- --	(2,025)
Net cash provided by investing activities	4,689	3,928
FINANCING ACTIVITIES		
Principal payments on obligations under capital leases and equipment notes payable	(459)	(346)
Net change in restricted cash	3,011	-- --
Net proceeds from sale of common stock	1,498	4,969
Net cash provided by financing activities	4,050	4,623
Net increase in cash and cash equivalents	540	5,656
Cash and cash equivalents at beginning of period	15,963	7,628
Cash and cash equivalents at end of period	$ 16,503	$ 13,284
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 2,520	$ 386
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Additions to obligations under capital leases	$ 807	$ -- --

</TABLE>

LIGAND PHARMACEUTICALS INCORPORATED
Notes to Consolidated Financial Statements
(Unaudited)

March 31, 1996

1. BASIS OF PRESENTATION

The consolidated financial statements of Ligand Pharmaceuticals Incorporated (the "Company") for the three months ended March 31, 1996

and 1995 are unaudited. These financial statements reflect all adjustments, consisting of only normal recurring adjustments which, in the opinion of management, are necessary to fairly present the consolidated financial position as of March 31, 1996 and the consolidated results of operations for the three months ended March 31, 1996 and 1995. The results of operations for the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the year ending December 31, 1996. For more complete financial information, these financial statements, and the notes thereto, should be read in conjunction with the consolidated audited financial statements for the year ended December 31, 1995 included in the Ligand Pharmaceuticals Incorporated Form 10-K filed with the Securities and Exchange Commission.

In October 1995, the Financial Accounting Standards Board issued SFAS 123, "Accounting for Stock-Based Compensation", effective for fiscal years beginning after December 15, 1995. SFAS 123 establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements, under which compensation cost is determined using the fair value of stock-based compensation, determined as of the grant date, and is recognized over the periods in which the related services are rendered. The statement also permits companies to elect to continue using the current implicit value accounting method specified in APBO No. 25 to account for stock-based compensation. The Company has elected to retain its current implicit value based method, and will be required to disclose the pro forma effect of using the fair value based method to account for its stock-based compensation. Disclosure of pro-forma effects of the fair value method are not required for interim financial statements.

In March 1995, the FASB issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company adopted Statement 121 in the first quarter of 1996 and, based on current circumstances, the effect of adoption is immaterial.

2. ALLERGAN LIGAND RETINOID THERAPEUTICS, INC.

On June 30, 1992, the Company entered into agreements with Allergan, Inc. ("Allergan") whereby the Allergan Ligand Joint Venture (the "Joint Venture") was established to research, develop, license and commercialize products related to the use of retinoids in the treatment of certain diseases and disorders.

In December 1994, the Company and Allergan formed Allergan Ligand Retinoid Therapeutics, Inc. ("ALRT") to continue the research and development activities previously conducted by the Joint Venture. The Company and ALRT filed registration statements with the Securities and Exchange Commission which became effective in May 1995. Contributions made by the Company to the Joint Venture related to the period from January 1, 1995, through June 30, 1995 were retroactively reimbursed by ALRT and previous equity losses recognized for the six month period from the Joint Venture operations were reversed.

3. MERGER WITH GLYCOMED

On May 18, 1995 ("date of Merger"), Glycomed Incorporated ("Glycomed") was merged into a wholly-owned subsidiary of the Company. The results of operations of Glycomed are included with the Company's 1996 results of operations. The merger was accounted for using the purchase method of accounting.

4. SUBSEQUENT EVENTS

In December 1994, Ligand filed suit against Pfizer Inc. ("Pfizer") in the Superior Court of California in San Diego County for breach of

contract and for a declaration of future rights as they relate to droloxifene, a compound upon which Ligand performed work at Pfizer's request during a collaboration between Pfizer and Ligand to develop drugs in the field of osteoporosis. Droloxifene is an estrogen antagonist/partial agonist with potential indications in the treatment of osteoporosis and breast cancer as well as other applications. According to recent announcements by Pfizer, droloxifene has entered phase II clinical trials for osteoporosis and phase III clinical trials for breast cancer. Effective April 19, 1996, Pfizer and Ligand announced that they have settled the lawsuit. Under the terms of the settlement agreement, Ligand will receive certain milestone and royalty payments upon the successful development and sales of droloxifene by Pfizer. At the option of either party, milestone and royalty payments owed Ligand can be satisfied by Pfizer transferring to Ligand shares of Ligand Common Stock at an exchange ratio of $12.375 per share.

PART I. FINANCIAL INFORMATION
ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Since January 1989, the Company has devoted substantially all of its resources to its intracellular receptor and Signal Transducers and Activators of Transcription drug discovery and development programs. The Company has been unprofitable since its inception and expects to incur substantial additional operating losses for the next several years, due to continued requirements for research and development, preclinical testing, regulatory activities, establishment of manufacturing processes and a sales and marketing organization. The Company expects that losses will fluctuate from quarter to quarter as a result of differences in the timing of expenses incurred and the revenues earned from collaborative research arrangements. Some of these fluctuations may be significant. As of March 31, 1996, the Company's accumulated deficit was $147 million.

On May 18, 1995 ("date of Merger"), Glycomed Incorporated ("Glycomed") was merged into a wholly-owned subsidiary of the Company ("the Merger"). The results of operations of Glycomed are included with the Company's 1996 results of operations. The merger was accounted for using the purchase method of accounting.

In December 1994, the Company and Allergan, Inc. ("Allergan") formed Allergan Ligand Retinoid Therapeutics, Inc. ("ALRT") to continue the research and development activities previously conducted by the Allergan Ligand Joint Venture (the "Joint Venture"). The Company and ALRT filed registration statements with the Securities and Exchange Commission which became effective in May 1995. Contributions made by the Company to the Joint Venture related to the period from January 1, 1995, through June 30, 1995 were retroactively reimbursed by ALRT and previous equity losses recognized for the six month period from the Joint Venture operations were reversed.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1996 ("1996"), COMPARED WITH THREE MONTHS ENDED MARCH 31, 1995 ("1995")

The Company had revenues of $8.8 million for 1996 compared to revenues of $4.6 million for 1995. The increase in revenues is due to, an expanded and amended research and development agreement in January 1996, with Wyeth-Ayerst Laboratories, the pharmaceutical division of American Home Products Corporation ("AHP") originally entered into in September 1994, a collaborative research agreement with Sankyo Ltd., ("Sankyo") acquired in the Merger, a full quarter effect of the collaboration with SmithKline Beecham Corporation ("SB") (which began in February 1995), and increased revenue from ALRT (the Joint Venture in 1995). Revenues in 1996 were derived from the Company's research and development agreements with (i) ALRT of $3.2 million, (ii) AHP of $2.9 million, (iii) Abbott Laboratories ("Abbott") of $725,000, (iv)

Sankyo of $703,000, (v) SB of $575,000, (vi) Glaxo Wellcome of $538,000, and (vii) product sales of Ligand (Canada) in-licensed products, of $57,000. Revenues in 1995 were derived from the Company's research and development agreements with (i) the Joint Venture of $2.1 million, (ii) AHP of $1.0 million, (iii) Glaxo Wellcome of $606,000, (iv) Abbott of $575,000, and (v) SB of $302,000.

For 1996, research and development expenses increased to $12.3 million from $7.0 million in 1995. These expenses increased primarily due to additions of research and development personnel, expansion of the Company's research and development programs, and inclusion of the cost of Glycomed's operations in 1996. Selling, general and administrative expenses increased to $2.6 million in 1996 from $1.7 million in 1995. The increase was attributable to additions to personnel to support expanded research and development programs and expansion of the Company's sales and marketing activities. Interest income increased to $1.1 million in 1996 from $466,000 in 1995. The increase in interest income was a result of an increase in cash balances due to the Merger, increased research revenues and additional equity investments, offset by net usage of cash to support expansion activities. Interest expense increased to $2.1 million in 1996 from $367,000 in 1995. The increase was primarily due to the acquisition of convertible subordinated debentures in the Merger and additional capital lease obligations used to finance equipment. The 1995 equity loss in Joint Venture of $1.8 million was the Company's share of the losses of the Joint Venture prior to the formation of ALRT.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations through private and public offerings of its equity securities, collaborative research revenues, capital and operating lease transactions, convertible notes, product sales and investment income. From inception,

through March 1996, the Company has raised $120.6 million from sales of equity securities: $43.0 million from the Company's initial public offering in November 1992 and an aggregate of $77.6 million from private placements.

As of March 31, 1996, the Company had acquired an aggregate of $16.8 million in laboratory and office equipment, and $3.8 million in tenant improvements, substantially all of which has been funded through capital lease and equipment note obligations and which includes laboratory and office equipment acquired in the Merger. In addition, the Company leases its office and laboratory facilities under operating leases. In July 1994, the Company entered into a twenty year lease related to the construction of a new laboratory facility, which was completed and occupied in August 1995. In April 1996, the Company accepted a proposal to finance future capital equipment up to $4.0 million.

Working capital decreased to $55.1 million as of March 31, 1996, from $57.3 million at the end of 1995. The decrease in working capital resulted from an increase in cash from collaborative research agreements, offset by an increase in research and development program expenses, the related increase in selling, general and administrative expenses as described above and semi-annual interest payments due on convertible subordinated debentures. For the same reasons, cash and cash equivalents, short-term investments, and restricted cash decreased to $69.0 million at March 31, 1996 from $76.9 million at December 31, 1995. The Company invests its cash in United States government and other highly-rated liquid debt investments.

The Company anticipates that its available cash and existing sources of funding will be adequate to satisfy its capital requirements through 1998. The Company's future capital requirements will depend on many factors, including continued scientific progress in its research and development programs, the magnitude of these programs, the scope and results of preclinical testing and clinical trials, the time and costs involved in obtaining regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims, competing technological and market developments,

changes in the existing collaborative research relationships, the ability of the Company to establish development arrangements, the cost of manufacturing scale-up and effective commercialization activities and arrangements.

RISKS AND UNCERTAINTIES

The Company's potential products are in various stages of development. Substantially all of the Company's revenues to date have been derived from its research and development agreements with major pharmaceutical collaborators. While Ligand believes that its current collaborators have sufficient economic motivation to continue their funding and development efforts under these collaborations, there can be no assurance that these collaborations will continue or be performed by the parties or that they will be successful. Prior to generating product revenues, the Company must complete the development of its products, including several years of human clinical testing, and receive regulatory approvals prior to selling these products in the human health care market. No assurance can be given that the Company's products will be successfully developed, regulatory approvals will be granted, or patient and physician acceptance of these products will be achieved. There can be no assurance that Ligand will successfully commercialize, manufacture or market its products or ever achieve or sustain product revenues or profitability.

The Company faces those risks associated with companies whose products are in various stages of development. These risks include, among others, the Company's need for additional financing to complete its research and development programs and commercialize its technologies. The Company expects to incur substantial additional research and development expenses, including continued increases in personnel and costs related to preclinical testing, clinical trials and sales and marketing expenses related to the product sales in Canada. The Company intends to seek additional funding sources of capital and liquidity through collaborative arrangements, collaborative research or through public or private financing. There is no assurance such financing will be available to the Company when required or that such financing would be available under favorable terms.

The Company believes that patents and other proprietary rights are important to its business. The Company's policy is to file patent applications to protect technology, inventions and improvements to its inventions that are considered important to the development of its business. The patent positions of pharmaceutical and biotechnology firms, including the Company, are uncertain and involve complex legal and factual questions for which important legal principles are largely unresolved.

PART II. OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

In December 1994, Ligand filed suit against Pfizer Inc. ("Pfizer") in the Superior Court of California in San Diego County for breach of contract and for a declaration of future rights as they relate to droloxifene, a compound upon which Ligand performed work at Pfizer's request during a collaboration between Pfizer and Ligand to develop drugs in the field of osteoporosis. Droloxifene is an estrogen antagonist/partial agonist with potential indications in the treatment of osteoporosis and breast cancer as well as other applications. According to recent announcements by Pfizer, droloxifene has entered phase II clinical trials for osteoporosis and phase III clinical trials for breast cancer. Effective April 19, 1996, Pfizer and Ligand announced that they have settled the lawsuit. Under the terms of the settlement agreement, Ligand will receive certain milestone and royalty payments upon the successful development and sales of droloxifene by Pfizer. At the option of either party, milestone and royalty payments owed Ligand can be satisfied by Pfizer transferring to Ligand shares of Ligand Common Stock at an exchange ratio of $12.375 per share.

ITEM 6 (A) EXHIBITS

Exhibit 27.0 Financial Data Schedule.

ITEM 6 (B) REPORTS ON FORMS 8-K

None.

LIGAND PHARMACEUTICALS INCORPORATED

March 31, 1996

SIGNATURE

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

Ligand Pharmaceuticals Incorporated

Date: May 9, 1996 By: Paul V. Maier

Paul V. Maier
Vice President and Chief Financial Officer

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This schedule contains finanical information extracted from the Condensed Consolidated Statement of Financial Condition at March 31, 1996 (Unaudited) and the Condensed Consolidated Statement of Income for the Three Months Ended March 31, 1996 (Unaudited) and is qualified in its entirety by reference to such financial statements.
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