

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): August 12, 1998

LIGAND PHARMACEUTICALS INCORPORATED  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation)

000-20720                      77-0160744  
(Commission File Number)    (IRS Employer Identification No.)

10275 Science Center Drive, San Diego, CA 92121  
(Address of principal executive offices) (Zip Code)

(619) 535-3900  
(Registrant's telephone number, including area code)

Not applicable.  
(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets.

On August 12, 1998, Ligand Pharmaceuticals Incorporated, a Delaware corporation ("Ligand"), acquired Seragen, Inc., a Delaware corporation ("Seragen"), through a merger (the "Merger") of Ligand's wholly owned subsidiary, Knight Acquisition Corporation, a Delaware corporation ("Merger Sub"), with and into Seragen. The Merger was consummated on the terms set forth in the Agreement and Plan of Reorganization, dated as of May 11, 1998, among Ligand, Merger Sub and Seragen (the "Merger Agreement"). As a result of the Merger, Seragen is now a wholly owned subsidiary of Ligand.

Seragen is a biotechnology company developing receptor-targeted fusion proteins for cancer and dermatology. Fusion proteins consist of a toxin fragment genetically fused to a hormone, or growth factor, that targets specific receptors on the surface of disease-causing cells. With the acquisition of Seragen, Ligand acquired the rights to ONTAK(TM) (DAB(389)IL-2 Interleukin-2 Fusion Protein or denileukin diftitox), a product which is currently under review by the U.S. Food and Drug Administration (the "FDA") that shows promise in the treatment of persistent cutaneous T-cell lymphoma ("CTCL"), and the intellectual property assets of potential commercial value from several current and possible future royalty bearing agreements.

Ligand intends to focus primarily on the development of ONTAK and attempt to realize potential commercial value from Seragen's intellectual property assets. Ligand intends to use Seragen's equipment and other physical assets in substantially the same manner such assets were used prior to the

Merger, subject to Ligand's objective of achieving optimal synergies, integrating and streamlining overlapping functions and controlling expenditures.

Under the terms of the Merger Agreement, Ligand paid a total of \$30 million in merger consideration at the closing, \$4 million of which was in cash then held by Ligand and \$26 million of which was in the form of approximately 1,858,000 shares of Ligand common stock, par value \$.001 (the "Ligand Common Stock"), valued at \$13.9875 per share. From the upfront payment, Seragen's common shareholders received approximately .036 of a share of Ligand Common Stock for every share of Seragen common stock, par value \$.01 (the "Seragen Common Stock"), owned immediately prior to the closing. The remainder of the \$30 million in merger consideration was used by Seragen to settle claims of Seragen's creditors and obligees ("Seragen Stakeholders").

The Merger Agreement also provides for an additional \$37 million in cash and/or Ligand Common Stock, at Ligand's option, to be paid either six months after the date of receipt of final FDA approval to market ONTAK for CTCL or August 12, 2000, whichever is earlier. The \$37 million payment will not be made, however, if ONTAK has not received final approval by the FDA by August 12, 2000, provided that Ligand has satisfied certain diligence obligations to pursue such approval. From the \$37 million payment, if and when made, Seragen common shareholders will receive \$0.23 in, at Ligand's option, cash or the equivalent value of Ligand Common Stock (based on the average closing share price for the 10 trading days immediately preceding the payment date) for every share of Seragen Common Stock owned. The remainder of the \$37 million will be paid to Seragen Stakeholders.

Ligand hereby incorporates by reference into this Report on Form 8-K that section entitled "The Merger Agreement" contained in that Registration Statement on Form S-4 filed by Ligand with the Securities and Exchange Commission (the "Commission") on July 9, 1998, Registration No. 333-58823 (the "Registration Statement"), in which there is contained a more detailed description of the Merger.

The description of the Merger contained herein is qualified in its entirety by reference to the Merger Agreement, as previously filed with the Commission as Exhibit 2.1 to the Registration Statement, and the Press Release issued by Ligand, dated August 12, 1998, a copy of which is attached hereto as Exhibit 99.1.

#### Item 7. Financial Statements and Exhibits.

(a) Financial Statements of Seragen.

The Financial Information of Seragen required to be filed pursuant to Item 7(a) of Form 8-K was not available at the time of filing of this Current Report on Form 8-K and will be filed on a Form 8-K/A as soon as practicable, but in no event later than 60 days after the date this Form 8-K is required to be filed.

(b) Pro Forma Financial Statements.

The Pro Forma Financial Information required to be filed pursuant to Item 7(b) of Form 8-K was not available at the time of filing of this Current Report on Form 8-K and will be filed on a Form 8-K/A as soon as practicable, but in no event later than 60 days after the date this Form 8-K is required to be filed.

(c) Exhibits.

Exhibit 2.1\* Agreement and Plan of Reorganization, dated as of May 11, 1998, by and among Ligand, Seragen and Merger Sub

Exhibit 2.2 Certificate of Merger between Seragen and Merger Sub, dated as of August 12, 1998

Exhibit 99.1 Press Release dated August 12, 1998

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\* Filed as an exhibit to Ligand's Registration Statement on Form S-4 (No. 333-58823) filed with the Securities and Exchange Commission on July 9, 1998 and incorporated herein by reference.

#### SIGNATURES

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

LIGAND PHARMACEUTICALS  
INCORPORATED

By: /s/ PAUL V. MAIER

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Paul V. Maier, Senior Vice President  
and Chief Financial Officer

Date: August 25, 1998

#### EXHIBIT INDEX

<TABLE>

<CAPTION>

Exhibit  
Number

Document

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<S>	<C>
2.1*	Agreement and Plan of Reorganization, dated as of May 11, 1998, by and among Ligand, Seragen and Merger Sub
2.2	Certificate of Merger between Seragen and Merger Sub, dated as of August 12, 1998
99.1	Press Release dated August 12, 1998

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\* Filed as an exhibit to Ligand's Registration Statement on Form S-4 (No. 333-58823) filed with the Securities and Exchange Commission on July 9, 1998 and incorporated herein by reference.

EXHIBIT 2.2

CERTIFICATE OF MERGER OF  
KNIGHT ACQUISITION CORPORATION  
(a Delaware corporation)  
WITH AND INTO  
SERAGEN, INC.  
(a Delaware corporation)

(UNDER SECTION 251 OF THE GENERAL CORPORATION LAW  
OF THE STATE OF DELAWARE)

The undersigned corporation organized and existing under and by  
virtue of the General Corporation Law of the State of Delaware, DOES HEREBY  
CERTIFY THAT:

FIRST: The name and state of incorporation of each of the  
constituent corporations of the merger are as follows:

<TABLE>  
<CAPTION>

Name	State of Incorporation
<S> Knight Acquisition Corporation Seragen, Inc.	<C> Delaware Delaware

</TABLE>

SECOND: An agreement and plan of merger has been approved,  
adopted, certified, executed and acknowledged by each of the constituent  
corporations in accordance with the requirements of subsection (c) of Section  
251 of the General Corporation Law of the State of Delaware.

THIRD: The name of the surviving corporation of merger is  
Seragen, Inc. a Delaware corporation ("Seragen").

FOURTH: As a result of the merger, Seragen will amend and restate  
its Restated Certificate of Incorporation in the form attached hereto as Exhibit  
A.

FIFTH: The executed Agreement and Plan of Reorganization is on  
file at the principal place of business of Seragen. The address of the principal  
place of business is 97 South Street, Hopkinton, MA 01748.

SIXTH: A copy of the Agreement and Plan of Reorganization will be  
furnished by Seragen on request and without cost to any stockholder of Seragen  
or Knight Acquisition Corporation.

IN WITNESS WHEREOF, Seragen, Inc., a Delaware corporation, has  
caused this Certificate to be signed by Reed R. Prior, its Chairman, Chief  
Executive Officer and Treasurer, on the 12th day of August, 1998.

SERAGEN, INC.,  
a Delaware corporation

By: /s/ Reed R. Prior

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Reed R. Prior  
Chairman, Chief Executive Officer  
and Treasurer

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE  
OF INCORPORATION OF SERAGEN, INC.

FIRST: The name of the corporation is Seragen, Inc.

SECOND: The address of the corporation's registered office in the State of Delaware is 30 Old Rudnick Lane, City of Dover, County of Kent 19901. The name of its registered agent at such address is CorpAmerica, Inc.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares which the corporation shall have authority to issue is 100 shares of capital stock, and the par value of each such share is \$.001 per share.

FIFTH: The corporation shall have perpetual existence.

SIXTH: The Board of Directors of the corporation is expressly authorized to make, alter or repeal bylaws of the corporation, but the stockholders may make additional bylaws and may alter or repeal any bylaw whether adopted by them or otherwise.

SEVENTH: Elections of directors need not be by written ballot except and to the extent provided in the bylaws of the corporation.

EIGHTH: To the fullest extent permitted by the General Corporation Law of Delaware, a director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

NINTH: Each person who is or was a director or officer of the corporation (including the heirs, executors, administrators or estate of such person) shall be indemnified by the corporation as of right to the fullest extent permitted or authorized by the General Corporation Law of Delaware against any liability, cost or expense asserted against such director or officer, or arising out of any such person's status as a director or officer. The corporation may, but shall not be obligated to, maintain insurance, at its expense, to protect itself and any such person against any such liability, cost or expense.

TENTH: The corporation shall not be subject to the provisions of Section 203 of the Delaware General Corporation Law.

## EXHIBIT 99.1

### Ligand Completes Merger With Seragen; Seragen Stockholders Approve Merger Today

SAN DIEGO--(BW HealthWire)--Aug. 12, 1998--Ligand (LYE-gand) Pharmaceuticals Incorporated (NASDAQ:LGND) announced today that its merger with Seragen Inc. (OTCBB:SRGN) has been approved by a majority of Seragen stockholders.

Under the companies' definitive merger agreement, a wholly owned subsidiary of Ligand, Knight Acquisition Corp., merged with Seragen and Seragen became a wholly owned subsidiary of Ligand. More than 97 percent by voting power of Seragen capital stock present or represented at a special meeting held this morning voted in favor of the merger. Those voting were a majority by total voting power of Seragen capital stock.

Under the terms of the merger agreement, Ligand paid merger consideration at the closing in the amount of \$30 million, \$4.0 million of which was in cash and \$26 million of which was in the form of approximately 1,858,000 shares of Ligand Common Stock valued at \$13.9875 per share. From the upfront payment, Seragen's common shareholders received approximately .036 of a share of Ligand Common Stock for every share of Seragen Common Stock owned immediately prior to the closing. The remainder of the \$30 million in merger consideration was used to settle claims of Seragen's creditors and preferred shareholders. Seragen Common Stock, which previously had been quoted on the OTC Bulletin Board, will no longer be publicly traded. The merger became effective Aug. 12, 1998.

The merger agreement also provides for an additional \$37 million in cash and/or Ligand Common Stock, at Ligand's option, to be paid either six months after the date of receipt of final U.S. Food and Drug Administration (FDA) approval to market ONTAK(TM) (DAB389IL-2, Interleukin-2 Fusion Protein or denileukin diftitox) for cutaneous T-cell lymphoma (CTCL) or Aug. 12, 2000, whichever is earlier. The \$37 million payment will not be made, however, if ONTAK has not received final approval by the FDA by August 12, 2000, provided that Ligand has satisfied certain diligence obligations to pursue such approval. From the \$37 million payment, Seragen common shareholders will receive \$0.23 in, at Ligand's option, cash or the equivalent value of Ligand Common Stock (based on the average closing share price for the 10 trading days immediately preceding the payment date) for every share of Seragen Common Stock owned. The remainder of the \$37 million payment will be used to settle claims of Seragen's creditors and preferred shareholders.

"We are pleased to be acquiring Seragen, and with it, rights to ONTAK, a product which is currently under review by the FDA that shows promise in the treatment of persistent CTCL, and the intellectual property assets of potential commercial value from several current and possible future royalty bearing agreements," said Ligand Chairman, President and Chief Executive Officer David E. Robinson. "We are particularly pleased that, if approved, ONTAK will be the first product marketed and commercialized for the treatment of CTCL by Ligand. The Company is working to strengthen its position in CTCL and other non-Hodgkin's lymphoma therapies by filing New Drug Applications for Targretin capsules (bexarotene) and Targretin gel (bexarotene) 1.0% in late 1998 or early 1999.

"We would like to thank Seragen Chairman and CEO Reed R. Prior and President and Chief Technology Officer Jean Nichols, Ph.D., for their contributions to Seragen and to the transition. Since the two companies agreed to merge in May, employees at both Seragen and Ligand have been working diligently to ensure a smooth transition and to realize shareholder value," continued Robinson.

Paul V. Maier, Ligand senior vice president, chief financial officer and newly appointed Seragen CEO commented: "I look forward to working with Jean

Nichols and the other dedicated professionals of Seragen and Marathon Biopharmaceuticals, LLC toward realizing the value of the Seragen and Marathon assets for Ligand shareholders, including the final activities for approval of ONTAK."

Ligand and Marathon Biopharmaceuticals, LLC, the organization which has a service contract with Seragen for manufacturing and development services, are parties to an agreement entered into simultaneously with the merger agreement providing for Ligand's acquisition of substantially all of Marathon's assets for \$5 million, and an additional \$3 million to be paid if and when Ligand pays the \$37 million payment in connection with the FDA clearance to market ONTAK for CTCL. Ligand may purchase the assets of Marathon at any time before Dec. 24, 1998 or on Jan. 31, 1999, at Ligand's option. The payments to Marathon may be paid in cash or Ligand Common Stock, at Ligand's option.

Since 1989, Ligand Pharmaceuticals Incorporated has established a leadership position in gene transcription technology, particularly intracellular receptor (IR) technology and STATs technology. Ligand has applied IR and STATs technology to the discovery and development of small molecule drugs to enhance therapeutic and safety profiles and to address major unmet patient needs in cancer, women's and men's health, skin diseases, osteoporosis, and cardiovascular and inflammatory disease.

Seragen Inc. is a biotechnology company developing receptor-targeted fusion proteins for cancer and dermatology. Fusion proteins consist of a toxin fragment genetically fused to a hormone, or growth factor, that targets specific receptors on the surface of disease-causing cells.

This news release may contain certain forward looking statements and actual results could differ materially from those described as a result of factors including, but not limited to, the following: there can be no assurance that any product in the Ligand or Seragen pipeline will be successfully developed, that final data will be consistent with interim data, that regulatory approvals, including labeling approvals, will be granted in a timely manner, or at all, that patient and physician acceptance of these products will be achieved, that final results will be supportive of regulatory approvals required to market products, that regulatory filings will be made in a timely manner, that upon filing they will be accepted for submission, that Ligand will be able to build and timely deploy sales support or product launch, or that third parties on which Ligand will rely for crucial components of commercialization will perform adequately. Ligand undertakes no obligation to update the statements contained in this press release after the date hereof.

New shareholders are invited to contact Ligand Investor Relations at 619/550-7687.

Ligand Pharmaceuticals' releases are available via fax at no charge by calling 888/329-9832 or on the world wide web at [www.businesswire.com/cnn/lgnd.htm](http://www.businesswire.com/cnn/lgnd.htm).

CONTACT: Ligand Pharmaceuticals Incorporated  
Susan Atkins, 619/550-7687