

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13E-4
ISSUER TENDER OFFER STATEMENT

(PURSUANT TO SECTION 13(E)(1) OF THE
SECURITIES EXCHANGE ACT OF 1934)

LIGAND PHARMACEUTICALS INCORPORATED
(NAME OF ISSUER)

LIGAND PHARMACEUTICALS INCORPORATED
(NAME OF PERSON(S) FILING STATEMENT)

WARRANTS TO PURCHASE COMMON STOCK, \$0.001 PAR VALUE PER SHARE
(TITLE OF CLASS OF SECURITIES)

WARRANTS -- 53220K 11 6
(CUSIP NUMBERS OF CLASS OF SECURITIES)

DAVID E. ROBINSON

PRESIDENT AND CHIEF EXECUTIVE OFFICER
LIGAND PHARMACEUTICALS INCORPORATED
10275 SCIENCE CENTER DRIVE
SAN DIEGO, CALIFORNIA 92121
(858) 550-7500

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE NOTICES
AND COMMUNICATIONS ON BEHALF OF THE PERSON(S) FILING STATEMENT)

NOVEMBER 19, 1999
(DATE TENDER OFFER FIRST PUBLISHED, SENT OR GIVEN TO SECURITY HOLDERS)

CALCULATION OF FILING FEE

<TABLE>
<S>

<C>

TRANSACTION VALUATION(1)	AMOUNT OF FILING FEE
\$12,267,517	\$2,454

</TABLE>

(1) Pursuant to Rule 0-11(b)(2), the filing fee has been determined based on the average of high and low prices of the Warrants reported on The Nasdaq National Market on November 17, 1999.

[] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount previously paid: _____ Filing Party: _____

Form or registration no.: _____ Dated filed: _____

Instruction. Ten Copies of this statement, including all exhibits, shall be filed with the Securities and Exchange Commission.

EXPLANATORY NOTE

Copies of the Offer to Exchange (as amended or supplemented from time to time, the "Offer to Exchange"), pursuant to which Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), is offering to exchange (the "Exchange Offer") certain of its outstanding warrants to purchase shares of its common stock, par value \$0.001 per share (the "Shares"), and the Letter of Transmittal have been filed by the Company as Exhibits to this Issuer Tender Offer Statement (this "Statement"). The Exchange Offer (as defined below) relates to the warrants (the "Warrants" or "ALRT Warrants") originally issued in the public offering with Allergan Ligand Retinoid Therapeutics, Inc. with an exercise price of \$7.12 per share. Unless otherwise indicated, all material incorporated by reference in this Statement in response to items or sub-items of this Statement is incorporated by reference to the information contained in the Offer to Exchange under the indicated caption.

ITEM 1. SECURITY AND ISSUER.

(a) The name of the issuer is Ligand Pharmaceuticals Incorporated. Its principal executive office is located at 10275 Science Center Drive, San Diego, California 92121.

(b) As of November 12, 1999, Warrants to purchase 3,601,420 Shares were issued and outstanding. The Company is offering to exchange for each outstanding Warrant, together with payment of \$7.12 in cash per Share for which such Warrant is exercisable, the number of newly issued Shares issuable under such Warrant plus a cash amount of \$1.12, net, without interest, per Share. Directors and officers of the Company may elect to exchange their Warrants pursuant to the Exchange Offer.

The following directors and officers of the Company own Warrants. No other "affiliates" of the Company own Warrants.

<TABLE>
<CAPTION>

NAME	NUMBER OF SHARES ISSUABLE UPON EXERCISE OF WARRANTS
----	-----
<S>	<C>
Alexander Cross.....	1,492
Irving S. Johnson.....	20
David E. Robinson.....	20,134
George M. Gill(1).....	550
Howard T. Holden.....	162
Paul V. Maier(2).....	19,056
James R. Mirto.....	104
Andres Negro-Vilar.....	10,000
William L. Respass.....	31,186

</TABLE>

(1) Includes 392 shares issuable upon the exercise of Warrants held as community property with spouse and 32 shares issuable upon the exercise of Warrants held by spouse.

(2) Includes 306 shares issuable upon the exercise of Warrants held as tenants in common with spouse and 7,100 shares issuable upon the exercise of Warrants held by spouse.

See the Cover Page of the Offer to Exchange, "Description of the Capital Stock and the Warrants" and "The Exchange Offer -- Price Range of the Warrants and the Shares; Dividends" for additional information concerning the Warrants.

(c) See "The Exchange Offer -- Price Range of the Warrants and the Shares; Dividends."

(d) Not Applicable.

ITEM 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) The consideration offered by the Company in exchange for the Warrants,

together with payment of \$7.12 in cash per Share for which such Warrants are exercisable, consists of cash and authorized Shares. Payments of cash, assuming all holders of Warrants elect to exchange, will equal approximately \$4,033,590. The Company will pay such amount from cash payments received in connection with the Exchange Offer. See "The Exchange Offer -- Background Relating to the Warrants and the Exchange Offer."

(b) Not Applicable.

ITEM 3. PURPOSES OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

See "The Exchange Offer -- Background Relating to the Warrants and the Exchange Offer" and "Information Concerning the Company."

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

Neither the Company nor, to the knowledge of the Company, any of the executive officers, directors or affiliates of the Company or any associate of any of the foregoing, has engaged in any transactions involving the Warrants during the 40 business days prior to the date hereof, with the exception that holders of Warrants to purchase approximately 45 Shares have exercised such Warrants during such period. See "The Exchange Offer -- Price Range of the Warrants and the Shares; Dividends" and "The Exchange Offer -- Background Relating to the Warrants and the Exchange Offer."

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

Neither the Company nor, to the best knowledge of the Company, any of its executive officers, directors or affiliates is a party to any contract, arrangement, understanding or relationship relating directly or indirectly to the Exchange Offer with respect to securities of the Company which would require disclosure under applicable rules and regulations of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

ITEM 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

No person or class of persons has been employed, retained or is to be compensated by the Company to make solicitations or recommendations in connection with the Exchange Offer. The Company is in the process of retaining ChaseMellon Consulting Services, L.L.C. to act as information agent (the "Information Agent") and ChaseMellon Shareholder Services, L.L.C. to act as the exchange agent (the "Exchange Agent") in connection with the Exchange Offer. The Information Agent may contact holders of Warrants by mail, telephone, facsimile transmission, electronic mail and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Exchange Offer to beneficial owners. The Information Agent and the Exchange Agent will each receive reasonable and customary compensation for their respective services, will be reimbursed for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with their services. Neither the Information Agent nor the Exchange Agent has been retained to make solicitations or recommendations in their respective roles as Information Agent and Exchange Agent.

ITEM 7. FINANCIAL INFORMATION.

See "The Information Concerning the Company -- Financial Information."

ITEM 8. ADDITIONAL INFORMATION.

(a) See "The Exchange Offer -- Background to Relating to the Warrants and the Exchange Offer" and "Description of the Capital Stock and the Warrants."

(b) None.

(c) Not Applicable.

2

(d) None.

(e) See the Offer to Exchange.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

<TABLE>

<CAPTION>

EXHIBIT NO.	DESCRIPTION
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<S>	<C>
(a)(1)	Offer to Exchange
(a)(2)	Letter of Transmittal
(a)(3)	Notice of Guaranteed Delivery
(a)(4)	Letter from Broker Dealer or other Nominee to Beneficial Owner of Warrants and the related Letter of Instruction.
(a)(5)	Letter to holders of Warrants from the President and Chief Executive Officer of the Company with respect to the Exchange Offer.
(b)	Not applicable.
(c)	Not applicable.
(d)	Not applicable.
(e)	Not applicable.
(f)	Not applicable.

</TABLE>

3

SIGNATURE

AFTER DUE INQUIRY AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, I CERTIFY THAT THE INFORMATION SET FORTH IN THIS STATEMENT IS TRUE, COMPLETE AND CORRECT.

Date: November 19, 1999

/s/ PAUL V. MAIER

Paul V. Maier
Senior Vice President,
Chief Financial Officer

4

EXHIBIT (a)(1)

OFFER

BY

LIGAND PHARMACEUTICALS INCORPORATED
TO EXCHANGE

ANY AND ALL OUTSTANDING ALRT WARRANTS
TO PURCHASE ITS COMMON STOCK, TOGETHER WITH PAYMENT OF \$7.12 PER SHARE
FOR WHICH THE WARRANTS ARE EXERCISABLE,
FOR THE NUMBER OF NEWLY ISSUED SHARES OF ITS COMMON STOCK
AND \$1.12 IN CASH PER SHARE FOR WHICH THE WARRANTS ARE EXERCISABLE

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:01 A.M., NEW YORK CITY TIME,
ON DECEMBER 18, 1999, UNLESS THE OFFER IS EXTENDED.

Each outstanding warrant originally issued in the public offering with Allergan Ligand Retinoid Therapeutics, Inc. (each a "Warrant" or "ALRT Warrant" and collectively, the "Warrants" or "ALRT Warrants") represents a currently exercisable right of the holder of such Warrant to purchase the number of shares of common stock, \$0.001 par value per share (the "Shares" or the "Common Stock") set forth therein, of Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), at an exercise price of \$7.12 in cash per Share on or before the expiration date of the Warrants. See "Description of the Capital Stock and the Warrants."

As described in this Offer to Exchange, the Company is offering to issue to each holder of Warrants who tender such Warrants, together with a payment of \$7.12 per Share for which such Warrants are exercisable, the number of newly issued Shares issuable under such Warrant plus a cash amount of \$1.12, net, without interest, per Share for which such Warrant is exercisable in accordance with the terms and subject to the conditions set forth in this Offer to Exchange (as amended or supplemented from time to time, the "Offer to Exchange") and the related Letter of Transmittal (the "Exchange Offer").

The Exchange Offer is subject to the terms and conditions set forth herein.

AN INVESTMENT IN SHARES IS SUBJECT TO VARIOUS RISKS. SEE "INFORMATION CONCERNING THE COMPANY -- RISK FACTORS," BEGINNING AT PAGE 13.

Neither the Company nor its Board of Directors nor any individual director or officer of the Company makes any recommendation that any holder of Warrants tender or refrain from tendering Warrants pursuant to the Exchange Offer.

THE ISSUANCE OF SHARES PURSUANT TO THE EXCHANGE OFFER HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SEE "CERTAIN CONSEQUENCES OF ISSUANCE OF SHARES NOT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933."

Any holder desiring to tender all or any portion of such holder's Warrants should (1) deliver a certified or cashier's check, money order or wire transfer, payable to ChaseMellon Shareholder Services, L.L.C., the exchange agent for the Exchange Offer (the "Exchange Agent") (or to the account specified for wire transfers), in the amount of \$7.12 per share for which the Warrants are exercisable and either (2) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and deliver it along with any other required documents to the Exchange Agent, at one of the addresses set forth on the back cover of this Offer to Exchange, and either (a) deliver the Warrants to the Exchange Agent along with the Letter of Transmittal or (b) tender such Warrants pursuant to the procedure for book-entry transfer set forth herein, or (3) request such holder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such holder. Any beneficial holder of Warrants whose Warrants are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such beneficial holder desires to tender such Warrants.

Any holder of Warrants who desires to tender Warrants and whose Warrants are not immediately available, or who cannot comply with the procedure for book-entry transfer on a timely basis, may tender such Warrants by following the procedures for guaranteed delivery set forth herein.

Questions and requests for assistance or additional copies of this Offer to Exchange, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Exchange Agent and ChaseMellon Consulting Services, L.L.C., the information agent (the "Information Agent"), at the telephone number set forth on the back cover of this Offer to Exchange.

The date of this Offer to Exchange is November 19, 1999

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE

<S> <C>	<C>
INTRODUCTION.....	1
THE EXCHANGE OFFER.....	2
1. Terms of the Exchange Offer; Conditions; Extension of Tender Period; Termination; Amendment.....	2
2. Acceptance for Exchange and Issuance of Shares.....	4
3. Procedure for Tendering Warrants.....	5
(a) Valid Tender of Warrants.....	5
(b) Book-Entry Transfer.....	5
(c) Signature Guarantees.....	6
(d) Guaranteed Delivery.....	6
(e) Determination of Validity.....	7
4. Withdrawal Rights.....	7
5. Certain Consequences of Issuance of Shares Not Being Registered Under the Securities Act of 1933.....	7
6. Background Relating to the Warrants and the Exchange Offer.....	8
7. Certain Tax Consequences of the Exchange Offer.....	9
8. Price Range of the Warrants and the Shares; Dividends.....	10
DESCRIPTION OF THE CAPITAL STOCK AND THE WARRANTS.....	11
1. Common Stock.....	11
2. Preferred Stock.....	12
3. Warrants.....	12
INFORMATION CONCERNING THE COMPANY.....	13
1. Information Incorporated By Reference; Availability of Information.....	13
2. Risk Factors.....	13
3. General.....	20
4. Financial Information.....	23
MISCELLANEOUS.....	27

</TABLE>

INTRODUCTION

Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), is offering to exchange certain of its outstanding warrants to purchase shares of its common stock, \$0.001 par value per share (the "Shares" or the "Common Stock"). The Exchange Offer (as defined below) relates to warrants (the "Warrants" or the "ALRT Warrants") originally issued in the public offering with Allergan Ligand Retinoid Therapeutics, Inc. with an exercise price of \$7.12 per share. The Company offers to exchange any outstanding Warrants, together with payment to the Exchange Agent of \$7.12 per Share for which the Warrants are exercisable, for the number of newly issued Shares issuable under such Warrant plus a cash amount of \$1.12, net, without interest, per Share, in accordance with the terms and subject to the conditions set forth in the Exchange Offer.

Each outstanding Warrant represents a currently exercisable right of the holder of such Warrant to purchase the number of Shares set forth therein at an exercise price of \$7.12 in cash per Share on or before the expiration date of the Warrants. The expiration date of the Warrants is 5:00 p.m., New York City

time, on June 3, 2000 (the "Warrant Expiration Date"). Warrants which are not exercised prior to the Warrant Expiration Date will cease to be exercisable. See "Description of the Capital Stock and the Warrants."

Tender of Warrants pursuant to the Exchange Offer may be made to the Exchange Agent according to the procedures set forth herein. See "The Exchange Offer -- Procedure for Tendering Warrants." Questions for assistance may be directed to the Information Agent, at (888) 867-6003.

The Exchange Offer is subject to the condition that there shall not have occurred prior to acceptance of the Warrants pursuant to the Exchange Offer: (i) any event, circumstance or development or prospective event, circumstance or development which has or may have an effect, whether positive or negative, on the business, operations, financial position or results of operations of the Company and its subsidiaries, taken as a whole, which, in the judgment of the Company's Board of Directors (the "Board"), makes it inadvisable for the Company to consummate the Exchange Offer; (ii) any suit or other proceeding or any threatened suit or other proceeding relating to the Exchange Offer, the Warrants or the issuance of Shares pursuant to the Exchange Offer; (iii) any order or preliminary or permanent injunction entered in any action or proceeding before any court or any statute, rule, regulation, order or official interpretation being enacted, amended, enforced or interpreted or threatened to be enacted, amended, enforced or interpreted by any federal, state, local or foreign legislative body, court, government or governmental, administrative or regulatory authority or agency which, in the judgment of the Board, has or may have the effect of making illegal or restraining or prohibiting the making of the Exchange Offer, the acceptance for exchange of the Warrants or the issuance of Shares in exchange for the Warrants, or the consummation of the Exchange Offer; (iv) any suspension or limitation of trading in securities generally on the NYSE or The Nasdaq National Market or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (v) any banking moratorium declared by Federal or New York authorities; or (vi) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of the Board, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it inadvisable for the Company to consummate the Exchange Offer.

An investment in Shares is subject to various risks. See "Information Concerning the Company -- Risk Factors."

The issuance of Shares pursuant to the Exchange Offer has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on an exemption thereunder. See "The Exchange Offer -- Certain Consequences of Issuance of Shares Not Being Registered Under the Securities Act of 1933."

Tendering holders of Warrants will not be obligated to pay any brokerage fees or commissions or any transfer or stock issuance taxes with respect to the issuance of Shares in exchange for Warrants pursuant to the Exchange Offer.

-1-

As of September 30, 1999, there were outstanding 3,601,464 Warrants and 47,730,624 Shares. The Shares and the Warrants are listed for quotation on The Nasdaq National Market. The Company will not reissue Warrants exchanged pursuant to the Exchange Offer. Such tendered Warrants will be canceled.

Neither the Company nor the Board nor any individual officer or director of the Company makes any recommendation that any holder of Warrants tender or refrain from tendering Warrants pursuant to the Exchange Offer. Mr. David Robinson, President and Chief Executive Officer of the Company, Mr. Paul Maier, Senior Vice President, Chief Financial Officer of the Company, and Mr. William Respass, Senior Vice President, General Counsel, Government Relations of the Company, together with their spouses, beneficially own 70,376 Warrants, and each has informed the Company that he intends to tender the Warrants he beneficially owns pursuant to the Exchange Offer. See "The Exchange Offer -- Background Relating to the Warrants and the Exchange Offer" for a more complete description of the transaction in which the Warrants were issued.

Following the anticipated successful completion of the Exchange Offer, the number of remaining outstanding Warrants may be so low that public trading of

the Warrants may be substantially reduced, which may make it harder to sell Warrants not tendered in this Exchange Offer. In addition, if the number of record holders of the Warrants drops too low, Nasdaq may institute proceedings resulting in a delisting of the Warrants. In either event, the liquidity of the Warrants may be significantly reduced following the Exchange Offer.

* * * * *

HOLDERS OF WARRANTS ARE URGED TO READ THIS OFFER TO EXCHANGE AND THE RELATED LETTER OF TRANSMITTAL CAREFULLY IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO TENDER THEIR WARRANTS.

* * * * *

Certain statements in the documents incorporated herein by reference in this Offer to Exchange under the captions "The Exchange Offer -- Background Relating to the Warrants and the Exchange Offer" and "Information Concerning the Company" and elsewhere in this Exchange Offer may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include the items referred to under the caption "Information Concerning the Company -- Risk Factors" and other factors referenced in this Offer to Exchange or in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 or in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999, which are incorporated herein by reference. See "Information Concerning the Company -- Risk Factors."

THE EXCHANGE OFFER

1. TERMS OF THE EXCHANGE OFFER; CONDITIONS; EXTENSION OF TENDER PERIOD; TERMINATION; AMENDMENT

Upon the terms and subject to the conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the Company will accept any and all Warrants validly tendered and not properly withdrawn on or prior to the Offer Expiration Date (as defined) and will exchange each Warrant, together with payment of \$7.12 per Share for which such Warrant is exercisable, for the number of newly issued Shares issuable upon exercise of such Warrant and \$1.12 in cash, net, without interest, per Share. Holders of Warrants will be paid such amounts in U.S. dollars.

-2-

Each outstanding Warrant represents a currently exercisable right of the holder of such Warrant to purchase the number of Shares set forth therein at an exercise price of \$7.12 in cash per Share on or before the Warrant Expiration Date.

The term "Offer Expiration Date" means 12:01 a.m., New York City time, on December 18, 1999, unless the Company shall have extended the period during which the Exchange Offer is open, in which event the term "Offer Expiration Date" shall mean the latest time and date at which the Exchange Offer, as so extended by the Company, shall expire.

The Exchange Offer is subject to the condition that there shall not have occurred prior to acceptance of the Warrants pursuant to the Exchange Offer: (i) any event, circumstance or development or prospective event, circumstance or development which has or may have an effect, whether positive or negative, on the business, operations, financial position or results of operations of the Company and its subsidiaries, taken as a whole, which, in the judgment of the Board, makes it inadvisable for the Company to consummate the Exchange Offer; (ii) any suit or other proceeding or any threatened suit or other proceeding relating to the Exchange Offer, the Warrants, or the issuance of Shares pursuant to the Exchange Offer; (iii) any order or preliminary or permanent injunction entered in any action or proceeding before any court or any statute, rule, regulation, order or official interpretation being enacted, amended, enforced or interpreted or threatened to be enacted, amended, enforced or interpreted by any federal, state, local or foreign legislative body, court, government or

governmental, administrative or regulatory authority or agency which, in the judgment of the Board, has or may have the effect of making illegal or restraining or prohibiting the making of the Exchange Offer, the acceptance for exchange of the Warrants or the issuance of Shares in exchange for Warrants, or the consummation of the Exchange Offer; (iv) any suspension or limitation of trading in securities generally on the NYSE or The Nasdaq National Market, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; or (v) any banking moratorium declared by Federal or New York authorities; or (vi) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of the Board, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it inadvisable for the Company to consummate the Exchange Offer.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to any such condition or may be waived by the Company in whole or in part at any time and from time to time in its reasonable discretion.

The Company expressly reserves the right, subject to applicable laws (including applicable regulations of the Securities and Exchange Commission (the "SEC")), at any time or from time to time to (i) extend the Exchange Offer, in which event all Warrants and cash payments previously tendered and not properly withdrawn or accepted will remain subject to the Exchange Offer, but subject to the tendering holder's right to withdraw Warrants and cash payments tendered by such holder; (ii) to delay acceptance for exchange of or, regardless of whether such Warrants and cash payments were theretofore accepted for exchange, to delay the issuance of Shares in exchange for such Warrants in order to comply, in whole or in part, with any applicable law or government regulation; (iii) to terminate the Exchange Offer (whether or not any Warrants and cash payments have theretofore been accepted for exchange) if any of the conditions referred to above have not been satisfied; (iv) to waive any condition, in whole or part; or (v) to amend the Exchange Offer in any respect; provided that such amendment does not decrease the number of Shares issued or the amount of cash paid in exchange for Warrants or add additional conditions to the Exchange Offer. Such delay, termination, waiver or amendment will be effected in each case by the Company giving oral or written notice of such delay, termination, waiver or amendment to the Exchange Agent. The Company acknowledges that (i) Rule 14e-1(c) under the Exchange Act requires the Company to effect the exchange of Shares and cash for Warrants in accordance with the Exchange Offer or to return the Warrants and cash payments tendered promptly after the termination or withdrawal of the Exchange Offer and (ii) the Company may not delay acceptance for exchange of, or the issuance of Shares in exchange for such Warrants and cash payments (except as provided by clause (ii) above) upon the occurrence of any of the conditions specified above without extending the period of time during which the Exchange Offer is open.

-3-

The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts or circumstances shall not be deemed a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right that may be asserted at any time or from time to time.

Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by the Company issuing a press release via BusinessWire to major business publications and news services in the United States. In the case of an extension, a press release will be issued no later than 9:00 a.m. New York City time, on the next business day after the previously scheduled Offer Expiration Date.

If the Company makes a material change in the terms of the Exchange Offer or if the Company waives a material condition of the Exchange Offer, the Company will extend the Exchange Offer for a period of time which will depend on the facts and circumstances, including the materiality, of the changes. With respect to a change in the consideration to be paid per Warrant, a minimum 10 business day extension will be made to allow for adequate dissemination of information regarding the change to holders of Warrants. Any extension of the Exchange Offer will not constitute a waiver by the Company of any of the conditions to the

Exchange Offer.

The Exchange Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Warrants residing in any jurisdiction in which the making of the Exchange Offer or the acceptance thereof would not be in compliance with the securities laws of such jurisdiction. However, the Company may, in its discretion, take such action as it may deem necessary to make the Exchange Offer in any jurisdiction and extend the Exchange Offer to holders of Warrants in such jurisdiction.

2. ACCEPTANCE FOR EXCHANGE AND ISSUANCE OF SHARES

Upon the terms and subject to the conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the Company will accept for exchange all Warrants, together with \$7.12 per Share for which the Warrants are exercisable, validly tendered and not properly withdrawn on or prior to the Offer Expiration Date as soon as practicable after the later to occur of: (i) the Offer Expiration Date and (ii) the date of satisfaction or waiver of the conditions set forth above. As soon as practicable following the acceptances for exchange of properly tendered Warrants, cash payments and the required documentation, the Company will issue Shares and pay cash to the holder of such Warrants in accordance with the terms of the Exchange Offer. The Company intends to deliver to the Exchange Agent stock certificates representing all Shares to be issued and to deliver to the Exchange Agent (or to make available to the Exchange Agent from the cash tendered by holders of Warrants) the aggregate amount of cash payable pursuant to the Exchange Offer. The Exchange Agent will cause certificates for the Shares and checks for cash due to each tendering holder to be mailed to such holder following acceptance of the Warrants and cash payments. Tendering holders whose Warrants and cash payments are accepted pursuant to the Exchange Offer will become stockholders of record with respect to the Shares issuable to them immediately before the close of business on the earlier to occur of the day on which the Offer Expiration Date occurs or the date the Exchange Agent receives certificates for such Warrants. The Company reserves the right, in its sole discretion and subject to applicable law, to delay acceptance of Warrants and related cash payments for exchange or the issuance of Shares and payment of cash for Warrants in order to comply, in whole or in part, with any applicable law or government regulation.

For purposes of the Exchange Offer, the Company shall be deemed to have accepted for exchange all properly tendered Warrants and cash payments as and when the Company gives oral or written notice to the Exchange Agent of its acceptance of such Warrants and cash payments for exchange pursuant to the Exchange Offer. The issuance of Shares and the cash in exchange for Warrants and cash payments accepted for exchange pursuant to the Exchange Offer will occur as promptly as practicable following acceptance of the Warrants and cash payments and receipt of the required documentation. The Exchange Agent will act as agent for the tendering holders for the purpose of receiving certificates for the Shares and the cash issued pursuant to the Exchange Offer by the Company and transmitting such certificates and cash to tendering holders. Under no circumstances will interest be paid by the Company with respect to the Shares issuable or

-4-

cash payable pursuant to the Exchange Offer, regardless of any delay in issuing such Shares or paying such cash. The Company will pay all transfer and stock issuance taxes, if any, payable on the issuance of Shares pursuant to the Exchange Offer.

In all cases, the issuance of Shares and payment of cash in exchange for Warrants will be made only after timely receipt by the Exchange Agent of (i) a cash payment in the form of a certified or cashier's check, money order or wire transfer in the amount of \$7.12 per Share for which the Warrants are exercisable payable to ChaseMellon Shareholder Services, L.L.C., as Exchange Agent (or to the account specified for wire transfers), (ii) the Warrants or a timely confirmation of a book-entry transfer of such Warrants into the Exchange Agent's account at The Depository Trust Company ("DTC"), (iii) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message (as defined), and (iv) any other documents required by the Letter of Transmittal. For a description of the procedure for tendering Warrants and cash payments pursuant to the Exchange Offer, see Section 3 below.

If any tendered Warrants and cash payments are not accepted for exchange for any reason or if the cash payments tendered are inadequate to cover all the Warrants tendered, the unpurchased or untendered Warrants will be returned along with the cash payment related thereto without expense to the tendering holder (or, in the case of Warrants tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the procedures set forth in Section 3, such Warrants will be credited to an account maintained at DTC) as promptly as practicable following the expiration, termination or withdrawal of the Exchange Offer.

If the Company amends the cash amount offered under the Exchange Offer so that the cash amount is increased, such increased cash component will be issued to all holders of Warrants whose Warrants are exchanged pursuant to the Exchange Offer, whether or not such Warrants were tendered or accepted for exchange prior to such increase in the cash.

3. PROCEDURE FOR TENDERING WARRANTS

(a) Valid Tender of Warrants. Except as set forth below, in order for Warrants to be validly tendered pursuant to the Exchange Offer, (i) a cash payment in the form of a certified or cashier's check, money order or wire transfer in the amount of \$7.12 per Share for which the Warrants are exercisable payable to ChaseMellon Shareholder Services, L.L.C., as Exchange Agent, (or to the account specified for wire transfers) must be received by the Exchange Agent, (ii) the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in connection with a book-entry delivery of Warrants as described below must be received by the Exchange Agent, and (iii) any other documents required by the Letter of Transmittal, must be received by the Exchange Agent at one of the addresses set forth on the back cover of this Offer to Exchange. In addition, either tendered Warrants must be received by the Exchange Agent at any such address or such Warrants must be tendered pursuant to the procedure for book-entry transfer (and a confirmation of receipt of such delivery must be received by the Exchange Agent), in each case on or prior to the Offer Expiration Date or the guaranteed delivery procedures set forth below must be complied with. The term "Agent's Message" means a message transmitted by DTC to and received by the Exchange Agent and forming a part of a book-entry transfer confirmation, which states that DTC has received an express acknowledgment from the DTC participant tendering the Warrants which are the subject of such Book-Entry Confirmation, that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against such participant.

(b) Book-Entry Transfer. The Exchange Agent will establish an account with respect to the Warrants at DTC for purposes of the Exchange Offer within two business days after the date of this Offer to Exchange. Any financial institution that is a participant in DTC may make book-entry delivery of Warrants by causing DTC to transfer such Warrants into the Exchange Agent's account in accordance with DTC's procedures for such transfer. Although delivery of Warrants may be effected through book-entry transfer at DTC, (i) a cash payment in the form of a certified or cashier's check, money order or wire transfer in the amount of \$7.12 per Share for which the Warrants are exercisable payable to ChaseMellon Shareholder Services, L.L.C., as

-5-

Exchange Agent (or to the account specified for wire transfers), (ii) the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, and (iii) any other required documents, must, in any case, be received by the Exchange Agent at one of the addresses set forth on the back cover of this Offer to Exchange on or prior to the Offer Expiration Date, or the guaranteed delivery procedures described below must be complied with.

DELIVERY OF DOCUMENTS TO DTC IN ACCORDANCE WITH DTC'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

(c) Signature Guarantees. Signatures on Letters of Transmittal need not be guaranteed if (i) the Letter of Transmittal is signed by the registered holder of Warrants tendered or (ii) such Warrants are tendered for the account of an Eligible Institution. See Instructions 1 and 6 of the Letter of Transmittal.

If the Warrants are registered in the name of a person other than the signer of the Letter of Transmittal, then the tendered Warrants must be endorsed or accompanied by appropriate warrant powers, signed exactly as the name(s) of the registered holder(s) appear(s) on the Warrants, with the signatures on the Warrants or warrant powers guaranteed as described below.

If signatures are required as set forth above, then signatures on Letters of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program, or the Stock Exchange Medallion Program (each of the foregoing constituting an "Eligible Institution"). See Instructions 1 and 6 of the Letter of Transmittal.

(d) **Guaranteed Delivery.** If a holder desires to tender Warrants pursuant to the Exchange Offer and such holder's Warrants are not immediately available, or time will not permit the Warrants and all other required documents to reach the Exchange Agent on or prior to the Offer Expiration Date or such holder cannot complete the procedure for book-entry transfer on a timely basis, such Warrants may nevertheless be tendered if the following guaranteed delivery procedures are satisfied:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Company, is received by the Exchange Agent as provided below on or prior to the Offer Expiration Date;

(iii) all tendered Warrants (or a book-entry transfer confirmation representing all tendered Warrants), in proper form for transfer, in each case together with the Letter of Transmittal (or a facsimile thereof) properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by the Letter of Transmittal are received by the Exchange Agent within three Nasdaq National Market trading days after the date of execution of such Notice of Guaranteed Delivery; and

(iv) delivery of a cash payment in the form of a certified or cashier's check, money order or wire transfer in the amount of \$7.12 per Share for which the Warrants are exercisable payable to ChaseMellon Shareholder Services, L.L.C., as Exchange Agent (or to the account specified for wire transfers), is made to the Exchange Agent at one of the addresses set forth on the back cover of this Offer to Exchange prior to the Offer Expiration Date.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Exchange Agent and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF WARRANTS, CASH PAYMENTS AND ALL OF THE REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC, IS AT THE OPTION AND RISK OF THE TENDERING HOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY IS BY

-6-

MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPER INSURANCE IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

(e) **Determination of Validity.** All questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of Warrants and cash payments will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of Warrants and cash payments determined by it not to be in proper form or the acceptance for exchange of which may, in the opinion of the Company, be unlawful. The Company reserves the absolute right to waive any defect or irregularity in any tender of Warrants and cash payments of any particular holder. The Company's interpretation of the terms and conditions of the Exchange Offer (including the

Letter of Transmittal and the instructions thereto) will be final and binding. None of the Company, any of its affiliates or assigns, the Exchange Agent, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

4. WITHDRAWAL RIGHTS

Tenders of Warrants and cash payments pursuant to the Exchange Offer may be withdrawn at any time on or prior to the Offer Expiration Date. Thereafter, such tenders are irrevocable. If the Company extends the Exchange Offer, is delayed in accepting Warrants and cash payments for exchange or issuing Shares and cash in exchange for Warrants and cash payments or is unable to accept Warrants for exchange or issue Shares and cash pursuant to the Exchange Offer for any reason, then, without prejudice to the Company's rights under the Exchange Offer, the Exchange Agent may, on behalf of the Company, retain all Warrants and cash payments tendered, and such Warrants and cash payments may not be withdrawn except to the extent that tendering holders are entitled to withdrawal rights as set forth in this Section 4.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Exchange Agent at one of the addresses set forth on the back cover of this Offer to Exchange. Any notice of withdrawal must specify the name of the person who tendered the Warrants to be withdrawn, the number of Warrants to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Warrants. If Warrants to be withdrawn have been delivered or otherwise identified to the Exchange Agent, then prior to the physical exchange, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution unless such Warrants have been tendered for the account of an Eligible Institution. If Warrants have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Warrants.

Withdrawals may not be rescinded, and Warrants and cash payments withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offer. However, withdrawn Warrants and cash payments may be retendered at any time prior to the Offer Expiration Date by again following one of the procedures described in Section 3.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Company, in its sole discretion, whose determination shall be final and binding. None of the Company, any of its affiliates or assigns or the Exchange Agent or the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification.

5. CERTAIN CONSEQUENCES OF ISSUANCE OF SHARES NOT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933

The offer and issuance of Shares by the Company pursuant to the Exchange Offer has not been registered under the Securities Act. The Company believes that the offer and issuance of shares pursuant to this Exchange Offer is exempt from registration under Section 3(a)(9) of the Securities Act. Section 3(a)(9) provides an exemption from registration for "any security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for

-7-

soliciting such exchange." The Company has not obtained and does not intend to seek a legal opinion from outside legal counsel or a no-action letter from the Staff of the SEC with respect to the applicability of the exemption.

The Company has further been advised that the Shares issued pursuant to the Exchange Offer are not restricted securities and may be resold by the recipients thereof without regard to the limitation of Rule 144 and without such recipients being deemed underwriters for purposes of the Securities Act; except that shares issued in exchange for Warrants that are held by affiliates of the Company will be entitled to tack the period during which such Warrants were held by the recipient prior to the exchange. Accordingly, such affiliates who have held

their Warrants for more than one year will be able to sell or transfer the Shares received in exchange for their Warrants in accordance with the volume limitations and manner of sale limitations and other provisions set forth in Rule 144.

An additional consequence of the issuance of Shares pursuant to the Exchange Offer not being registered under the Securities Act is that certain protections set forth in Section 11 and other provisions of the Securities Act will not be available to holders who exchange Warrants and cash payments for Shares and cash in the Exchange Offer.

6. BACKGROUND RELATING TO THE WARRANTS AND THE EXCHANGE OFFER

In December 1994, the Company, together with Allergan, Inc., formed Allergan Ligand Retinoid Therapeutics, Inc. ("ALRT") to continue the research and development activities previously conducted by a joint venture with Allergan. In June 1995, the joint venture was dissolved and the Company and ALRT completed a public offering of 3,250,000 units. Each unit consisted of one share of ALRT's callable common stock and two Warrants, each Warrant entitling the holder to purchase the number of Shares set forth therein. The \$32.5 million aggregate proceeds from the offering and cash contributions by Allergan and the Company of \$50.0 million and \$17.5 million, respectively, provided net proceeds of \$94.3 million for retinoid product research and development.

The Company's \$17.5 million in cash, as well as the Warrants, were in exchange for:

- a right to acquire all of the ALRT callable common stock at specified future dates and amounts and
- a right to acquire all rights to the Panretin(R) product, jointly with Allergan.

Allergan's \$50.0 million cash contribution to ALRT was in exchange for:

- the right to acquire one-half of the technologies and other assets in the event the Company exercised its right to acquire all of the ALRT callable common stock
- a similar right to acquire all of the callable common stock if the Company did not exercise its right and
- a right to acquire all rights to the Panretin(R) product, jointly with the Company.

In September 1997, the Company exercised the option to purchase all of the ALRT callable common stock. At the same time, Allergan exercised its option to purchase certain assets of ALRT. In November 1997, the Company issued 3,166,567 Shares along with cash payments totaling \$25.0 million, to holders of the ALRT callable common stock. In November 1997, Allergan made a cash payment of \$8.9 million to ALRT, which the Company used to pay a portion of the cash payment under its option exercise. Following the exercise of these options, ALRT became one of the Company's wholly owned subsidiaries and the Warrants remained outstanding.

In connection with the ALRT initial public offering, the Shares issuable upon exercise of all outstanding Warrants were registered under the Securities Act. At the same time, the Warrants were listed for quotation on The Nasdaq National Market. The Warrants initially traded as a unit of two Warrants along with a share of callable common stock of ALRT. They separated and began trading separately in June 1997. See "Price Range of the Warrants and the Shares; Dividends." As of November 12, 1999, Warrants for an aggregate number of 2,898,580 Shares had been exercised. As of November 12, 1999, the Company's officers and directors beneficially owned approximately 83,000 Warrants.

In view of the Company's history of operating losses as it attempts to progress from a research-based company to one that becomes profitable from sales of its products and royalties on sales of products by its corporate collaborators, the Company's management and Board regularly consider the Company's financial needs and strategies for raising cash to meet them. Among the strategies used by the Company has been sales of equity to corporate

collaborators. The Company has also raised significant cash from the sale of convertible notes to Elan Corporation, plc and Elan International Services, Ltd. Public offerings of stock have been considered, but not adopted, by the Company in view of the generally poor market for secondary offerings of biotechnology stocks in recent years.

Another source of capital to meet the Company's cash needs are proceeds from the Warrants when they are exercised. From time to time over the past approximately 18 months, the Company's management and Board have considered strategies to encourage holders to exercise their Warrants to provide a substantial infusion of cash. This consideration has included informal advice from investment banks.

In December 1998 and May 1999, the Company received net proceeds of approximately \$12.5 million and \$3.5 million, respectively, from investors who elected to exercise their Warrants to purchase an aggregate of 2,892,836 Shares. The Company agreed to pay a cost of money incentive to the investors for the early exercise of those Warrants.

During the first two weeks of November 1999, David Robinson, the Company's President and Chief Executive Officer, Paul Maier, the Company's Senior Vice President, Chief Financial Officer, William Respass, the Company's Senior Vice President, General Counsel, Government Relations, and Christiane Sheid, the Company's Vice President, Finance and Communications, discussed the proposed exchange offer and reviewed the recent and historical movements in the market prices of the Shares and Warrants, the Company's results for the third quarter and projected results for the fourth quarter of 1999, and the Company's financing alternatives and capital requirements. They discussed possible variations in the \$1.12 cash component and other aspects of the Exchange Offer and determined to recommend the terms of the Exchange Offer to the Board. As part of its decision making process, the Company informally consulted with an investment bank with regard to aspects of the Exchange Offer. However, the Company has not received any formal report or appraisal of any kind from any outside party which materially relates to the Exchange Offer in any way.

At a special telephonic meeting of the Board on November 15, 1999, Mr. Robinson, as chairman of the Board, recommended the terms of the exchange offer to the Board and discussed a range for the cash payments to be made to tendering holders of Warrants. The Board discussed the Company's financial outlook for 1999 and 2000, the Company's capital requirements, net equity and financing alternatives and other factors. After discussion, the Board concluded that the proposal was in the best interests of the Company and approved and authorized an exchange offer, subject to management's determination based on trading prices of the Warrants and the Common Stock immediately prior to announcement of the Exchange Offer of the precise amount of cash payments, within a range approved by the Board, to be made in connection with the Exchange Offer.

The Company will pay all cash pursuant to the Exchange Offer from cash payments received in connection with the Exchange Offer.

7. CERTAIN TAX CONSEQUENCES OF THE EXCHANGE OFFER

The following discussion summarizes the material federal income tax consequences of the transactions to be accomplished pursuant to the Exchange Offer to a person who tenders Warrants and cash pursuant to the Exchange Offer. This summary is based upon existing statutes, as well as judicial and administrative interpretations thereof, all of which are subject to change, including changes which may be retroactive. No opinion of counsel or ruling from the Internal Revenue Service ("IRS") will be requested by the Company on any tax issue connected with the Exchange Offer. Accordingly, no assurance can be given that the IRS will not challenge certain of the tax positions described herein or that such a challenge would not be successful.

The discussion below does not address the foreign, state or local tax consequences of the transactions to be accomplished pursuant to the Exchange Offer, nor does it specifically address the tax consequences to taxpayers subject to special treatment under the federal income tax laws (including dealers in securities, foreign persons, life insurance companies, tax-exempt organizations, financial institutions and taxpayers subject to the alternative minimum tax). The discussion below assumes that the Warrants are or will be held as a capital asset within the meaning of Section 1221 of the Internal Revenue

Code of 1986, as amended (the "Code"), by holders of Warrants at the Offer Expiration Date. In the following discussion, the term "should" is used to denote the more likely of possible characterizations in situations where more than one characterization is possible.

THE FOLLOWING SUMMARY OF THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS TO BE ACCOMPLISHED PURSUANT TO THE EXCHANGE OFFER IS NOT A SUBSTITUTE FOR OBTAINING INDIVIDUAL TAX ADVICE AND WARRANT HOLDERS ARE NOT TO CONSTRUE ANY OF THE CONTENTS OF THIS OFFER TO EXCHANGE AS TAX ADVICE. ACCORDINGLY, EACH HOLDER OF OUTSTANDING WARRANTS IS URGED TO CONSULT SUCH HOLDER'S OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE EXCHANGE OFFER.

Federal Income Tax Consequences to Holders of Warrants. It is possible that holders of the Warrants will be treated as merely having exercised the Warrants for a net cash payment equal to the exercise price less \$1.12 per Warrant. In such case no gain or loss should be recognized by the such holders. Alternatively, holders of the Warrants participating in the Exchange Offer may be treated for federal income tax purposes as having exchanged their Warrants plus the net cash payment in exchange for shares of Common Stock. In such event, (i) the receipt of Common Stock in exchange for the net cash payment would be treated as merely a purchase of a portion of the Common Stock, and (ii) the exchange of the Warrants for the balance of the Common Stock should be treated as a "recapitalization" of the Company within the meaning of Code Section 368(a)(1)(E) in which no gain or loss is recognized. As a result of the foregoing, the holders of the Warrants should not recognize any gain or loss in connection with the Exchange Offer. The Company intends to treat the Exchange Offer as merely an exercise of the Warrants.

Regardless of which of the foregoing characterizations applies, the aggregate tax basis of the Common Stock received by a holder pursuant to the Exchange Offer should be equal to such holder's adjusted tax basis in the Warrants transferred in exchange therefor and increased by the amount of the net cash payment.

The holding period for the Common Stock will depend upon the characterization of the Exchange Offer. If the Exchange Offer is treated as merely an exercise of the Warrants, the holding period for the Common Stock will begin on the date of the date of the Exchange. If the Exchange Offer is treated in part as a purchase and in part as a recapitalization, the holding period of each share of Common Stock will be divided, with part of each share having a holding period which includes the period of time the holder held the Warrants and the remaining part of each share having a holding period which commences as of the date of the exchange to the extent the share was received in exchange for the net cash payment.

Holders of Warrants who do not participate in the Exchange Offer should not recognize any gain or loss as a result of other holders of Warrants participating in the Exchange Offer.

Federal Income Tax Consequences to Company. The exchange by holders of Warrants pursuant to the Exchange Offer should not result in the recognition of gain or loss by the Company.

8. PRICE RANGE OF THE WARRANTS AND THE SHARES; DIVIDENDS

The Common Stock and the Warrants trade on the Nasdaq National Market tier of The Nasdaq Stock Market. The Common Stock trades under the symbol "LGND." The Warrants trade under the symbol "LGNDW." The following table sets forth the high and low sales prices for the Common Stock and the Warrants on The Nasdaq National Market for the periods indicated. The Warrants initially traded as a unit of

-10-

two Warrants along with a share of callable common stock of ALRT. They separated and began trading separately in June 1997.

<TABLE>
<CAPTION>

WARRANTS		SHARES	
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HIGH	LOW	HIGH	LOW

<S>	<C>	<C>	<C>	<C>
YEAR ENDED DECEMBER 31, 1997				
1st Quarter.....	\$--	\$--	\$17	\$10 1/4
2nd Quarter (from June 3, 1997 for the Warrants).....	9	6	14 1/2	9 1/8
3rd Quarter.....	11 1/2	6	17 3/4	11 5/8
4th Quarter.....	13 1/4	6 3/4	18 3/8	11 1/4
YEAR ENDED DECEMBER 31, 1998				
1st Quarter.....	10 1/2	5	16 5/8	10 7/8
2nd Quarter.....	10 1/4	6 3/8	16 3/8	12 1/8
3rd Quarter.....	7	1 5/8	13 1/4	5 1/2
4th Quarter.....	6 1/2	2 9/16	12 3/8	6 15/16
YEAR ENDING DECEMBER 31, 1999				
1st Quarter.....	8 1/4	3 5/32	14 3/4	8 3/16
2nd Quarter.....	5 1/2	2 3/4	11 7/16	8 3/16
3rd Quarter.....	5 1/4	1 11/16	11 3/16	6 7/16
4th Quarter (through November 12, 1999).....	4 1/4	1 11/16	10 5/16	7 1/2

On November 12, 1999, the closing sale price of the Warrants was \$3 5/8 per Warrant and the closing sale price of the Common Stock was \$9 31/32 per share. HOLDERS OF WARRANTS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE WARRANTS AND THE SHARES.

As of September 30, 1999, there were approximately 2,031 holders of record of the Common Stock. The Company has never declared or paid any cash dividends on its capital stock and does not intend to pay any cash dividends in the foreseeable future. The Company currently intends to retain its earnings, if any, to finance future growth. The Company has no contractual restrictions on paying dividends.

DESCRIPTION OF THE CAPITAL STOCK AND THE WARRANTS

The authorized capital stock of the Company consists of 80,000,000 shares of Common Stock, and 5,000,000 shares of Preferred Stock, \$0.001 par value per share ("Preferred Stock"). The following description of the capital stock of the Company is a summary of certain provisions of the Company's Amended and Restated Certificate of Incorporation and is qualified in its entirety by the provisions of such document which has been filed with the SEC.

1. COMMON STOCK

The holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Subject to preferences that may be applicable to any outstanding Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board out of funds legally available. In the event of liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding Preferred Stock. Holders of Common Stock have no preemptive rights and no right to cumulate votes in the election of directors. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable. At September 30, 1999, there were 47,730,624 shares of Common Stock outstanding and held of record by approximately 2,031 stockholders.

-11-

2. PREFERRED STOCK

The Board has the authority to issue the Preferred Stock in one or more series and to fix the designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series, including the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), liquidation preferences and the number of shares constituting any such series, without any further vote or action by the stockholders. The rights and preferences of Preferred Stock may in all respects be superior and prior to the rights of the Common Stock. The issuance of the Preferred Stock could decrease the amount of earnings and assets available for distribution to holders of Common Stock or adversely affect the rights and powers, including voting rights, of the holders of the Common Stock and could have the effect of delaying, deferring or preventing a change in control of the Company. In connection with the adoption of the Company's

stockholder rights plan, the Company's Board designated 1,600,000 shares of Series A Participating Preferred Stock, none of which are outstanding as of September 30, 1999.

3. WARRANTS

The Warrants were issued pursuant to a Warrant Agreement, dated June 3, 1995 (the "Warrant Agreement"), entered into between the Company and First Interstate Bank of California, as warrant agent (the "Warrant Agent"), a copy of which has been filed with the SEC and is incorporated herein by reference. ChaseMellon Shareholder Services, L.L.C. is the successor Warrant Agent under the Warrant Agreement.

The statements herein relating to the Warrants and the Warrant Agreement are summaries and are subject to the detailed provisions of the Warrant Agreement, to which reference is hereby made for a complete statement of those provisions. Whenever particular provisions of the Warrant Agreement or terms defined therein are referred to herein, those provisions or definitions are incorporated by reference as part of the statements made, and the statements are qualified in their entirety by that reference.

Exercise of Warrants. Each Warrant represents a currently exercisable right of the holder thereof to purchase the number of Shares set forth therein at an exercise price of \$7.12 in cash per Share. The Warrants are exercisable, at the holder's option, as a whole or from time to time in part at any time until the Warrant Expiration Date, in accordance with the terms of the Warrants and the Warrant Agreement.

Certain Adjustments. The Warrant Agreement provides that the Exercise Price and the number of shares of Common Stock issuable upon exercise of each Warrant will be adjusted in the event of any stock split, stock combination, rights offering, stock dividend or certain other special dividends with respect to Common Stock. The Warrant Agreement further provides that in case of any capital reorganization of the Company, any reclassification of Common Stock, any consolidation or merger of the Company with or into another corporation or any sale, lease or transfer to any person of all or substantially all of the assets of the Company, the holder of each outstanding Warrant will have the right, upon subsequent exercise of the Warrant, to receive the kind and amount of shares of stock, other securities or property receivable upon the capital reorganization, reclassification, consolidation, merger, sale lease or other transfer that would have been received by such holder upon the exercise of the Warrant had such Warrant been exercised immediately prior to that event, and the Exercise Price will be appropriately adjusted.

Transferability. Any Warrant may be transferred, split up, combined or exchanged for another Warrant or Warrants entitling the registered holder thereof to purchase a like number of Shares as the Warrant surrendered. Warrants may be exchanged for other Warrants in different denominations representing Warrants to purchase the same aggregate number of Shares at any time.

No Rights as Holder of Shares. The Warrants do not confer upon the holder thereof any voting, preemptive or other rights as a stockholder of the Company.

-12-

INFORMATION CONCERNING THE COMPANY

1. INFORMATION INCORPORATED BY REFERENCE; AVAILABILITY OF INFORMATION

The SEC allows the Company to "incorporate by reference" the information it files with the SEC, which means that the Company can disclose important information to a holder of Warrants by referring such holder to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information. The Company incorporates by reference the documents listed below and any future filings it makes with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until the Exchange Offer is consummated or terminated.

- the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (File No. 000-20720);
- the Company's Quarterly Reports on Form 10-Q for the quarters ended March

31, 1999, June 30, 1999, and September 30, 1999 (File No. 000-20720);

- the Company's Registration Statement on Form 8-A, filed on November 21, 1994, as amended (File No. 000-20720); and

- the Company's Registration Statement on Form 8-A, filed on May 1, 1995, as amended (File No. 000-20720).

The Company has also filed with the SEC an Issuer Tender Offer Statement on Schedule 13E-4 (File No. 000-20720) (the "Schedule 13E-4") which includes certain additional information relating to the Exchange Offer.

The Company files annual, quarterly and special reports, proxy statements and other information with the SEC. A stockholder may read and copy any document the Company files at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The Company's SEC filings are also available to the public on the SEC's website at <http://www.sec.gov>.

2. RISK FACTORS

The following is a summary description of some of the many risks we face in our business. You should carefully review these risks in evaluating our business and the businesses of our subsidiaries and when determining whether to participate in the Exchange Offer. You should also consider the other information described in this report

For the purposes of this section, the terms "we," "our," and "us" refer to the Company.

RISKS RELATED TO THE EXCHANGE OFFER

The liquidity of the Warrants may be significantly reduced following the Exchange Offer.

Following the anticipated successful completion of the Exchange Offer, the number of remaining outstanding Warrants may be so low that public trading of the Warrants may be substantially reduced, which may make it harder to sell Warrants not tendered in this Exchange Offer. In addition, if the number of record holders of the Warrants drops too low, Nasdaq may institute proceedings resulting in a delisting of the Warrants. In either event, the liquidity of the Warrants may be significantly reduced following the Exchange Offer.

We have not established any minimum number of Warrants that must be tendered in the Exchange Offer and the tender of Warrants and related cash payments may not provide as many funds as we expect.

We are relying upon the receipt of cash in connection with the tender of the Warrants to provide near-term cash requirements of our business. In the event that not as many Warrants are tendered as we expect, we

-13-

may be required to complete equity or debt financings to fund our operations. These financings may not be available on acceptable terms. In addition, these financings, if completed, still may not meet our capital needs and could result in substantial dilution to our stockholders.

RISKS RELATED TO OUR BUSINESS

Our product development and commercialization involves a number of uncertainties and we may never generate sufficient revenues from the sale of products to become profitable.

We were founded in 1987. We have incurred significant losses since our inception. At September 30, 1999, our accumulated deficit was \$447.5 million. To date, we have received the majority of our revenues from our collaborative arrangements. We expect to incur additional losses as we continue our research and development, testing and regulatory activities and as we continue to build manufacturing and sales and marketing capabilities. To become profitable, we must successfully develop, clinically test, market and sell our products. Even if we achieve profitability, we cannot predict the level of that profitability or whether we will be able to sustain profitability. We expect that our

operating results will fluctuate from period to period as a result of differences in when we incur expenses and receive revenues from product sales, collaborative arrangements and other sources. Some of these fluctuations may be significant.

Most of our products will require extensive additional development, including preclinical testing and human studies, as well as regulatory approvals, before we can market them. We do not expect that any products resulting from our product development efforts or the efforts of our collaborative partners, other than those for which marketing approval has been received, will be available for sale until the first half of the 2000 calendar year at the earliest, if at all. There are many reasons that we may fail in our efforts to develop our other potential products, including the possibility that:

- we may discover during preclinical testing or human studies that they are ineffective or cause harmful side effects,
- the products may fail to receive necessary regulatory approvals from the FDA or other foreign authorities in a timely manner or at all,
- we may fail to produce the products, if approved, in commercial quantities or at reasonable costs, or
- the proprietary rights of other parties may prevent us from marketing the products.

We need to build marketing and sales forces in the United States and Europe which will be an expensive and time-consuming process.

Developing the sales force to market and sell products is a difficult, expensive and time-consuming process. We recently developed a sales force for the U.S. market and, at least initially, rely on another company to distribute our products. The distributor will be responsible for providing many marketing support services, including customer service, order entry, shipping and billing, and customer reimbursement assistance. In addition, in Canada we are the sole marketer of two cancer products other companies have developed. We may not be able to continue to establish and maintain the sales and marketing capabilities necessary to successfully commercialize our products. To the extent we enter into co-promotion or other licensing arrangements, any revenues we receive will depend on the marketing efforts of others, which may or may not be successful.

Some of our key technologies have not been used to produce marketed products and may not be capable of producing such products.

To date, we have dedicated most of our resources to the research and development of potential drugs based upon our expertise in our non-peptide hormone activated Intracellular Receptors, or IRs, and cytokine and growth factor activated Signal Transducers and Activators of Transcription, or STATs, technologies. Even though there are marketed drugs that act through IRs, some aspects of our IR technologies have not been used to produce marketed products. In addition, we are not aware of any drugs that have been developed and successfully commercialized that interact directly with STATs. Much remains to be learned about the

-14-

location and function of IRs and STATs. If we are unable to apply our IR and STAT technologies to the development of our potential products, we will not be successful in developing new products.

Our drug development programs will require substantial additional future capital.

Our drug development programs require substantial additional capital, arising from costs to:

- conduct research, preclinical testing and human studies,
- establish pilot scale and commercial scale manufacturing processes and facilities, and
- establish and develop quality control, regulatory, marketing, sales and administrative capabilities.

Our future operating and capital needs will depend on many factors, including:

- the pace of scientific progress in our research and development programs

- and the magnitude of these programs,
- the scope and results of preclinical testing and human studies,
- the time and costs involved in obtaining regulatory approvals,
- the time and costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims,
- competing technological and market developments,
- our ability to establish additional collaborations,
- changes in our existing collaborations,
- the cost of manufacturing scale-up, and
- the effectiveness of our commercialization activities.

Our products must clear significant regulatory hurdles prior to marketing.

Before we obtain the approvals necessary to sell any of our potential products, we must show through preclinical studies and clinical trials that each product is safe and effective. Our failure to show any product's safety and effectiveness would delay or prevent regulatory approval of the product and could adversely affect our business. The clinical trials process is complex and uncertain. The results of preclinical studies and initial clinical trials may not necessarily predict the results from later large-scale clinical trials. In addition, clinical trials may not demonstrate a product's safety and effectiveness to the satisfaction of the regulatory authorities. A number of companies have suffered significant setbacks in advanced clinical trials or in seeking regulatory approvals, despite promising results in earlier trials. The FDA may also require additional clinical trials after regulatory approvals are received, which could be expensive and time-consuming, and failure to successfully conduct those trials could jeopardize continued commercialization.

The rate at which we complete our clinical trials depends on many factors, including our ability to obtain adequate clinical supplies and patient enrollment. Patient enrollment is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites and the eligibility criteria for the trial. Delays in patient enrollment may result in increased costs and longer development times. In addition, some of our collaborative partners have rights to control product development and clinical programs for products developed under the collaborations. As a result, these collaborators may conduct these programs more slowly or in a different manner than we had expected. Even if clinical trials are completed, we or our collaborative partners still may not apply for FDA approval in a timely manner or the FDA still may not grant approval.

We may not be able to pay amounts due on our outstanding indebtedness.

We and our subsidiaries may not have sufficient cash to make required payments due under existing debt. We, or our subsidiaries, may not have the funds necessary to pay the interest on and the principal of existing debt when due. If we, or our subsidiaries, do not have adequate funds, we will be forced to refinance the existing debt and may not be successful in doing so. Our subsidiary, Glycomed Incorporated, is obligated to make payments under certain debentures in the total principal amount of \$50 million. The debentures bear interest at a rate of 7 1/2% per annum and are due in 2003. In addition, in October 1997, we issued a \$2.5 million convertible note to SmithKline Beecham Corporation and in November 1998, July 1999, and August 1999 we

-15-

issued zero coupon convertible notes with a total issue price of \$100 million to Elan Corporation, plc and/or Elan International Services, Ltd. ("Elan"). Glycomed's failure to make payments when due under its debentures would cause us to default under these notes or other notes we may issue to Elan.

We may require additional stock or debt financings to fund our operations which may not be available on acceptable terms.

We have incurred losses since our inception and will not generate positive cash flow to fund our operations for the 1999 calendar year and perhaps for one or more subsequent years. As a result, we may need to complete additional equity or debt financings to fund our operations. Our inability to obtain additional financing could adversely affect our business. These financings may not be available on acceptable terms. In addition, these financings, if completed, still may not meet our capital needs and could result in substantial dilution to our stockholders. For instance, the \$100 million in notes we issued to Elan are convertible into common stock at the option of Elan, subject to some

limitations. In addition, we may issue additional notes to Elan with up to a total issue price of \$10 million, which also would be convertible into common stock. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our drug development programs. Alternatively, we may be forced to attempt to continue development by entering into arrangements with collaborative partners or others that require us to relinquish some or all of our rights to certain technologies or drug candidates that we would not otherwise relinquish.

We face substantial competition.

Some of the drugs that we are developing and marketing will compete with existing treatments. In addition, several companies are developing new drugs that target the same diseases that we are targeting and are taking IR-related and STAT-related approaches to drug development. Many of our existing or potential competitors, particularly large drug companies, have greater financial, technical and human resources than us and may be better equipped to develop, manufacture and market products. Many of these companies also have extensive experience in preclinical testing and human clinical trials, obtaining FDA and other regulatory approvals and manufacturing and marketing pharmaceutical products. In addition, academic institutions, governmental agencies and other public and private research organizations are developing products that may compete with the products we are developing. These institutions are becoming more aware of the commercial value of their findings and are seeking patent protection and licensing arrangements to collect payments for the use of their technologies. These institutions also may market competitive products on their own or through joint ventures and will compete with us in recruiting highly qualified scientific personnel. Any of these companies, academic institutions, government agencies or research organizations may develop and introduce products and processes that compete with or are better than ours. As a result, our products may become noncompetitive or obsolete.

Our success will depend on third-party reimbursement and may be impacted by health care reform.

Sales of prescription drugs depend significantly on the availability of reimbursement to the consumer from third party payors, such as government and private insurance plans. These third party payors frequently require drug companies to provide predetermined discounts from list prices, and they are increasingly challenging the prices charged for medical products and services. Our current and potential products may not be considered cost-effective and reimbursement to the consumer may not be available or sufficient to allow us to sell our products on a competitive basis.

In addition, the efforts of governments and third party payors to contain or reduce the cost of health care will continue to affect the business and financial condition of drug companies. A number of legislative and regulatory proposals to change the health care system have been discussed in recent years. In addition, an increasing emphasis on managed care in the United States has and will continue to increase pressure on drug pricing. We cannot predict whether legislative or regulatory proposals will be adopted or what effect those proposals or managed care efforts may have on our business. The announcement and/or adoption of such proposals or efforts could adversely affect our profit margins and business.

-16-

We rely heavily on collaborative relationships and termination of any of these programs could reduce the financial resources available to us.

Our strategy for developing and commercializing many of our potential products includes entering into collaborations with corporate partners, licensors, licensees and others. To date, we have entered into collaborations with Warner-Lambert Company, Eli Lilly and Company, SmithKline Beecham Corporation, American Home Products, Abbott Laboratories, Sankyo Company Ltd., Glaxo-Wellcome plc, Allergan, Inc., and Pfizer Inc. These collaborations provide us with funding and research and development resources for potential products for the treatment or control of metabolic diseases, hematopoiesis, women's health disorders, inflammation, cardiovascular disease, cancer and skin disease, and osteoporosis. These agreements also give our collaborative partners significant discretion when deciding whether or not to pursue any development program. We cannot be certain that our collaborations will continue or be successful.

In addition, our collaborators may develop drugs, either alone or with others, that compete with the types of drugs they currently are developing with us. This would result in less support and increased competition for our programs. If products are approved for marketing under our collaborative programs, any revenues we receive will depend on the manufacturing, marketing and sales efforts of our collaborators, who generally retain commercialization rights under the collaborative agreements. Our current collaborators also generally have the right to terminate their collaborations under certain circumstances. If any of our collaborative partners breach or terminate their agreements with us or otherwise fail to conduct their collaborative activities successfully, our product development under these agreements will be delayed or terminated.

We may have disputes in the future with our collaborators, including disputes concerning which of us owns the rights to any technology developed. For instance, we were involved in litigation with Pfizer, which we settled in April 1996, concerning our right to milestones and royalties based on the development and commercialization of droloxifene. These and other possible disagreements between us and our collaborators could delay our ability and the ability of our collaborators to achieve milestones or our receipt of other payments. In addition, any disagreements could delay, interrupt or terminate the collaborative research, development and commercialization of certain potential products, or could result in litigation or arbitration. The occurrence of any of these problems could be time-consuming and expensive and could adversely affect our business.

Our success depends on our ability to obtain and maintain our patents and other proprietary rights.

Our success will depend on our ability and the ability of our licensors to obtain and maintain patents and proprietary rights for our potential products and to avoid infringing the proprietary rights of others, both in the United States and in foreign countries. Patents may not be issued from any of these applications currently on file or, if issued, may not provide sufficient protection. In addition, if we breach our licenses, we may lose rights to important technology and potential products.

Our patent position, like that of many pharmaceutical companies, is uncertain and involves complex legal and technical questions for which important legal principles are unresolved. We may not develop or obtain rights to products or processes that are patentable. Even if we do obtain patents, they may not adequately protect the technology we own or have licensed. In addition, others may challenge, seek to invalidate, infringe or circumvent any patents we own or license, and rights we receive under those patents may not provide competitive advantages to us. Further, the manufacture, use or sale of our products may infringe the patent rights of others.

Several drug companies and research and academic institutions have developed technologies, filed patent applications or received patents for technologies that may be related to our business. Others have filed patent applications and received patents that conflict with patents or patent applications we have licensed for our use, either by claiming the same methods or compounds or by claiming methods or compounds that could dominate those licensed to us. In addition, we may not be aware of all patents or patent applications that may impact our ability to make, use or sell any of our potential products. For example, United States patent applications are confidential while pending in the Patent and Trademark Office, and patent applications filed in foreign countries are often first published six months or more after filing. Any conflicts resulting from the

-17-

patent rights of others could significantly reduce the coverage of our patents and limit our ability to obtain meaningful patent protection. If other companies obtain patents with conflicting claims, we may be required to obtain licenses to those patents or to develop or obtain alternative technology. We may not be able to obtain any such license on acceptable terms or at all. Any failure to obtain such licenses could delay or prevent us from pursuing the development or commercialization of our potential products.

We have had and will continue to have discussions with our current and potential collaborators regarding the scope and validity of our patent and other

proprietary rights. If a collaborator or other party successfully establishes that our patent rights are invalid, we may not be able to continue our existing collaborations beyond their expiration. Any determination that our patent rights are invalid also could encourage our collaborators to terminate their agreements where contractually permitted. Such a determination could also adversely affect our ability to enter into new collaborations.

We may also need to initiate litigation, which could be time-consuming and expensive, to enforce our proprietary rights or to determine the scope and validity of others' rights. If litigation results, a court may find our patents or those of our licensors invalid or may find that we have infringed on a competitor's rights. If any of our competitors have filed patent applications in the United States which claim technology we also have invented, the Patent and Trademark Office may require us to participate in expensive interference proceedings to determine who has the right to a patent for the technology.

We have learned that Hoffmann-La Roche Inc. has received a United States patent and has made patent filings in foreign countries that relate to our Panretin capsules and gel products. We filed a patent application with an earlier filing date than Hoffmann-La Roche's patent, which we believe is broader than, but overlaps in part with, Hoffmann-La Roche's patent. We currently are investigating the scope and validity of Hoffmann-La Roche's patent to determine its impact upon our products. The Patent and Trademark Office has informed us that the overlapping claims are patentable to us and has initiated a proceeding to determine whether we or Hoffmann-La Roche are entitled to a patent. We may not receive a favorable outcome in the proceeding. In addition, the proceeding may delay the Patent and Trademark Office's decision regarding our earlier application. If we do not prevail, the Hoffmann-La Roche patent might block our use of Panretin(R) capsules and gel in certain cancers.

We also rely on unpatented trade secrets and know-how to protect and maintain our competitive position. We require our employees, consultants, collaborators and others to sign confidentiality agreements when they begin their relationship with us. These agreements may be breached and we may not have adequate remedies for any breach. In addition, our competitors may independently discover our trade secrets. Any of these actions might adversely affect our business.

We currently have limited manufacturing capability and will rely on third-party manufacturers.

We currently have no manufacturing facilities outside of Marathon's facility and we rely primarily on others for clinical or commercial production of our potential products. To be successful, we will need to manufacture our products, either directly or through others, in commercial quantities, in compliance with regulatory requirements and at acceptable cost. Any extended and unplanned manufacturing shutdowns could be expensive and could result in inventory and product shortages. If we are unable to develop our own facilities or contract with others for manufacturing services, our ability to conduct preclinical testing and human clinical trials will be adversely affected. This in turn could delay our submission of products for regulatory approval and our initiation of new development programs. In addition, although other companies have manufactured drugs acting through IRs and STATs on a commercial scale, we may not be able to do so at costs or in quantities to make marketable products. Any of these events would adversely affect our business.

Our manufacturing process also may be susceptible to contamination, which could cause the affected manufacturing facility to close until the contamination is identified and fixed. In addition, problems with equipment failure or operator error also could cause delays.

-18-

Our business exposes us to product liability risks and we may not have sufficient insurance to cover any claims.

Our business exposes us to potential product liability risks. A successful product liability claim or series of claims brought against us could result in payment of significant amounts of money and divert management's attention from running the business. Some of the compounds we are investigating may be harmful to humans. For example, retinoids as a class are known to contain compounds, which can cause birth defects. We may not be able to maintain our insurance on acceptable terms, or our insurance may not provide adequate protection in the

case of a product liability claim. To the extent that product liability insurance, if available, does not cover potential claims, we will be required to self-insure the risks associated with such claims.

We are dependent on our key employees, the loss of whose services could adversely affect us.

We depend on our key scientific and management staff, the loss of whose services could adversely affect our business. Furthermore, we are currently experiencing a period of rapid growth, which requires us to hire many new scientific, management and operational personnel. Accordingly, recruiting and retaining qualified management, operations and scientific personnel to perform research and development work also is critical to our success. Although we believe we will successfully attract and retain the necessary personnel, we may not be able to attract and retain such personnel on acceptable terms given the competition among numerous drug companies, universities and other research institutions for such personnel.

We use hazardous materials which requires us to incur substantial costs to comply with environmental regulations.

In connection with our research and development activities, we handle hazardous materials, chemicals and various radioactive compounds. We cannot completely eliminate the risk of accidental contamination or injury from the handling and disposing of hazardous materials. In the event of any accident, we could be held liable for any damages that result, which could be significant. In addition, we may incur substantial costs to comply with environmental regulations. Any of these events could adversely affect our business.

Our stock price may be adversely affected by volatility in the markets.

The market prices and trading volumes for our securities, and the securities of emerging companies like us, have historically been highly volatile and have experienced significant fluctuations unrelated to operating performance. Future announcements concerning us or our competitors may impact the market price of our common stock. These announcements might include:

- the results of research or development testing,
- technological innovations,
- new commercial products,
- government regulation,
- receipt of regulatory approvals by competitors,
- our failure to receive regulatory approvals,
- developments concerning proprietary rights, or
- litigation or public concern about the safety of the products.

You may not receive a return on your shares other than through the sale of your shares of common stock.

We have not paid any cash dividends on our common stock to date, and we do not anticipate paying cash dividends in the foreseeable future. Accordingly, other than through a sale of your shares, you may not receive a return.

Our shareholder rights plan and charter documents may prevent transactions that could be beneficial to you.

Our shareholder rights plan and provisions contained in our certificate of incorporation and bylaws may discourage transactions involving an actual or potential change in our ownership, including transactions in

-19-

which you might otherwise receive a premium for your shares over then-current market prices. These provisions also may limit your ability to approve transactions that you deem to be in your best interests. In addition, our board of directors may issue shares of preferred stock without any further action by you. Such issuances may have the effect of delaying or preventing a change in our ownership.

We are subject to year 2000 risks for which we may not be prepared.

Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. These date code fields

will need to accept four digit entries to distinguish 21st century dates from 20th century dates. As a result, many companies' software and computer systems may need to be upgraded or replaced in order to comply with year 2000 requirements. The impact of the year 2000 issue may affect other systems that utilize imbedded computer chip technology, including building controls, security systems or laboratory equipment. It may also impact the ability to obtain products or services if the provider encounters and fails to resolve year 2000 related problems.

We have established an active program to identify and resolve year 2000 related issues. This program includes the review and assessment of our information technology and non-information technology systems, as well as third parties with whom we have a material relationship. This program consists of four phases: inventory, risk assessment, problem validation and problem resolution. The inventory phase identified potential risks we face. They include among others: computer software, computer hardware, telecommunications systems, laboratory equipment, and facilities systems, such as security, environment control and alarm; service providers, such as contract research organizations, consultants and product distributors; and other third parties. The risk assessment phase categorizes and prioritizes each risk by its potential impact. The problem validation phase tests each potential risk, according to priority, to determine if an action risk exists. In the case of critical third parties, this step will include a review of their year 2000 plans and activities. The problem resolution phase will, for each validated risk, determine the method/strategy for alleviating the risk. It may include anything from replacement of hardware or software to process modification to selection of alternative vendors. This step also includes the development of contingency plans.

We initiated this program in 1998. The inventory and risk assessment phases were completed in 1998 while the problem validation phase was completed in the second calendar quarter of 1999. Follow-up reviews of the progress being made by critical third parties will continue. Contingency plans were developed and continue to be revised based upon additional information from the follow-up vendor reviews. As of the end of the third calendar quarter of 1999, the problem resolution phase has been completed with only minor exceptions. These exceptions do not involve major systems and generally consist of operational actions that must occur on or before January 1, 2000.

To date, we had determined that some of our internal information technology and non-information technology systems were not year 2000 compliant. We actively corrected the identified problems. These corrections included the replacement of hardware and software systems, the identification of alternative service providers and the creation of contingency plans. We estimate that the cost of correcting the identified problems was approximately \$100,000 for hardware and software upgrades or modifications. In addition, we estimate that we will incur approximately \$400,000 of internal personnel costs by the time the project is completed. We do not believe that the cost of these actions will have a material adverse affect on our business. We expect that costs for completion of the project will be part of normal operating expenses.

Any failure of our internal computer systems or of third-party equipment or software we use, or of systems maintained by our suppliers, to be year 2000 compliant may adversely affect our business. In addition, adverse changes in the purchasing patterns of our potential customers as a result of year 2000 issues affecting them may adversely affect our business. These expenditures by potential customers may result in reduced funds available to purchase our products, which could adversely affect our business.

3. GENERAL

The Company's goal is to build a profitable pharmaceutical company which discovers, develops and markets new drugs that address critical unmet medical needs of patients in the areas of cancer, men's and

women's health and skin diseases, as well as osteoporosis, metabolic, cardiovascular and inflammatory diseases. The Company strives to develop drugs that are more effective and/or safer than existing therapies and that are more convenient (taken orally or topically administered) and cost effective. The Company pursues the discovery, development, approval and marketing of new drugs through internal and collaborative research and development programs, and

through the licensing or acquisition of late-stage development products. Internal and collaborative programs utilize the Company's proprietary science technology. In-licensing and acquisition programs focus on products which have near-term prospects of FDA approval, and which can be marketed by a small specialty cancer and HIV-center sales force. See "-- Risk Factors."

In February 1999, the Company was granted FDA marketing approval for its first two products -- Panretin(R) gel for the topical treatment of cutaneous AIDS-related Kaposi's sarcoma, also known as KS, and ONTAK(R) for the treatment of patients with persistent or recurrent cutaneous T-cell lymphoma ("CTCL") whose malignant cells express the CD25 component of the Interleukin-2 receptor. In late 1998 and early 1999, the Company assembled a 26-member specialty oncology and HIV-center sales force in the U.S. to launch Panretin(R) gel and ONTAK(R) in the U.S. In addition, the Company established a subsidiary, Ligand Pharmaceuticals International, Inc., with a branch in London, England to manage its European operations. A Canadian sales force, which has been in place since 1995, currently markets two in-licensed cancer products in Canada.

The Company's drug discovery and development programs are based on its leadership position in gene transcription technology. The Company's proprietary technologies involve two natural mechanisms that regulate gene activity:

- non-peptide hormone activated Intracellular Receptors, or IRs, and
- cytokine and growth factor activated Signal Transducers and Activators of Transcription, or STATs.

The Company applies its IR technology to the discovery and development of small molecule drugs to enhance therapeutic and safety profiles and to address unmet patient needs in certain cancers, men's and women's health, skin diseases, osteoporosis, cardiovascular and metabolic diseases, and inflammatory disorders. Similarly, STATs influence many biological processes, including those associated with cancer, other metabolic diseases, and inflammation and blood cell formation. Through the Company's acquisition of Seragen Incorporated in August 1998 and Glycomed Incorporated in May 1995, the Company also has proprietary technology in fusion proteins and complex carbohydrates. Fusion protein technology was used in the development of ONTAK(R). See "-- Risk Factors."

The Company uses an innovative combination of internal and collaborative programs to develop and market potential drugs.

The Company has a number of compounds in various stages of internal development.

- In June 1999, the Company filed a new drug application with the FDA for Targretin(R) capsules for the treatment of patients with CTCL. As noted in the Company's third quarter earnings announcement, the Company expects to meet with the FDA's Oncologic Drugs Advisory Committee on December 13 to review the submission of Targretin(R) capsules; the FDA is expected to issue an action letter on the filing soon thereafter.
- The Company has additional U.S. and European regulatory filings planned for the fourth quarter of 1999, including a new drug application with the FDA for Targretin(R) gel for the treatment of patients with CTCL. Targretin(R) gel is also in earlier-stage human testing for the treatment of actinic keratoses and skin cancer.
- Targretin(R) capsules are in early-stage human testing for the treatment of patients with breast cancer and psoriasis.
- Other internal programs include the post-marketing trials for ONTAK(R), which the FDA required in connection with its accelerated approval. The Company's compound LGD1550 is in early-stage human testing for the treatment of patients with advanced cancer.

-21-

The Company has established several corporate collaborations, with multiple compounds in development, which may generate future royalty-based revenue. The table below highlights the Company's collaborations to date:

<TABLE>
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CORPORATE COLLABORATOR	INITIATION OF COLLABORATION	DISEASE/INDICATION
Warner-Lambert Company.....	September 1999	Treatment and prevention of diseases mediated through the estrogen receptor
Eli Lilly and Company.....	November 1997	Metabolic and cardiovascular diseases
SmithKline Beecham Corporation.....	February 1995	Oncological uses, anemia
Wyeth-Ayerst, the pharmaceutical division of American Home Products.....	September 1994	Osteoporosis, breast cancer, oral contraception, endometriosis, uterine fibroids, hormone replacement therapy
Abbott Laboratories.....	July 1994	Rheumatoid arthritis, inflammatory bowel disease, asthma, dermatitis
Glaxo-Wellcome plc.....	September 1992	Atherosclerosis and other cardiovascular diseases
Allergan, Inc.....	June 1992	Type II diabetes, cancer and skin disorders
Pfizer Inc.....	May 1991	Osteoporosis

The Company also seeks to in-license and/or acquire cancer and other medical specialty drugs, which are in late-stage clinical development or have been approved by regulatory authorities. During 1998, the Company acquired ONTAK(R), a treatment for CTCL, in its acquisition of Seragen and in-licensed rights in the U.S. and Canada to Morphelan(TM) from Elan Corporation, plc. Morphelan(TM), a once-daily, oral, sustained-release product for the management of pain in oncology and HIV patients, is in Phase III clinical trials in the U.S. See "-- Risk Factors."

-22-

4. FINANCIAL INFORMATION

The following table represents consolidated financial data for the Company for the years ended December 31, 1997 and 1998 and for the nine-months ended September 30, 1998 and 1999. Financial data for the years 1997 and 1998 has been derived from the Company's audited consolidated financial statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 1998. Unaudited financial data for the nine months ended September 30, 1998 and 1999 has been derived from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.

LIGAND PHARMACEUTICALS INCORPORATED AND SUBSIDIARIES SUMMARY FINANCIAL INFORMATION (IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
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	YEAR ENDED DECEMBER 31,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1998	1998	1999
			(UNAUDITED)	(UNAUDITED)
	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:				
Revenues:				
Product sales.....	\$ 418	\$ 406	\$ 282	\$ 9,127
Contract manufacturing sales.....	--	--	--	1,884
Collaborative research and development and other milestone revenues:				
Related parties.....	18,997	--	--	--
Unrelated parties.....	32,284	17,267	13,117	17,456
Total revenues.....	51,699	17,673	13,399	28,467
Costs and expenses:				
Costs of products and services sold.....	520	436	305	8,177

Research and development.....	71,906	70,303	48,917	44,799
Selling, general and administrative.....	10,108	16,568	9,924	20,056
Write-off of acquired in-process technology.....	64,970	45,000	30,000	--
	-----	-----	-----	-----
Total costs and expenses....	147,504	132,307	89,146	73,032
	-----	-----	-----	-----
Loss from operations.....	(95,805)	(114,634)	(75,747)	(44,565)
	-----	-----	-----	-----
Other income (expense):				
Interest income.....	3,743	3,070	2,406	1,894
Interest expense.....	(8,088)	(8,322)	(5,886)	(8,942)
Other.....	--	2,000	2,000	(245)
	-----	-----	-----	-----
Total other income (expense).....	(4,345)	(3,252)	(1,480)	(7,293)
	-----	-----	-----	-----
Net loss.....	\$ (100,150)	\$ (117,886)	\$ (77,227)	\$ (51,858)
	=====	=====	=====	=====
Basic and diluted net loss per share.....	\$ (3.02)	\$ (2.92)	\$ (1.97)	\$ (1.11)
Shares used in computing net loss per share.....	33,128,372	40,392,421	39,255,981	46,580,319

</TABLE>

-23-

<TABLE>

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DECEMBER 31, SEPTEMBER 30,
1998 1999

(UNAUDITED)

<S>	<C>	<C>
CONSOLIDATED BALANCE SHEETS DATA:		
Cash, cash equivalents, and short term investments(1).....	\$ 72,521	\$ 47,889
Working capital.....	51,098	35,513
Total assets.....	156,020	131,713
Long-term debt(2).....	51,185	113,320
Convertible subordinated debentures.....	39,302	41,308
Accumulated deficit.....	(395,630)	(447,488)
Total stockholders' deficit.....	(11,362)	(44,989)

</TABLE>

(1) Includes restricted short-term investments.

(2) Includes long-term portion of equipment financing obligations, convertible note and zero coupon convertible notes.

The Company's book value per share was \$(0.25) and \$(0.94) as of December 31, 1998 and September 30, 1999, respectively.

PRO FORMA SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma summary consolidated balance sheet information as of December 31, 1998 and September 30, 1999 and the unaudited pro forma summary statements of operations information for the year ended December 31, 1998 and the nine months ended September 30, 1999 give effect to the Exchange Offer.

The unaudited pro forma summary consolidated financial information is based on the historical consolidated financial statements of the Company, giving effect to the Exchange Offer and the assumptions and adjustments as discussed in the accompanying note to the unaudited pro forma summary consolidated financial information. This unaudited pro forma summary consolidated financial information has been prepared by the management of the Company based upon the consolidated financial statements of the Company as of September 30, 1999 (unaudited) and for the year ended December 31, 1998 and the nine months ended September 30, 1999 (unaudited). The unaudited pro forma summary consolidated financial information should be read in conjunction with the historical consolidated financial statements and notes thereto incorporated by reference herein. The unaudited pro

forma summary consolidated financial information is not necessarily indicative of what actual results of operations would have been for the periods presented had the Exchange Offer occurred on the dates indicated and do not purport to indicate the results of future operations.

NOTE TO PRO FORMA SUMMARY CONSOLIDATED FINANCIAL INFORMATION

ASSUMPTIONS AND ADJUSTMENTS

The pro forma summary consolidated financial information has been prepared with the following assumptions:

- 3,601,420 Warrants outstanding and subject to the Exchange Offer
- Cash payments of \$7.12 per Warrant tendered by holders of Warrants
- Warrants exchanged for 3,601,420 shares of Common Stock
- Consideration offered to Warrant holder of \$1.12 per Warrant
- Estimated transaction costs of \$100,000
- Net proceeds invested in interest bearing instruments

-24-

LIGAND PHARMACEUTICALS INCORPORATED AND SUBSIDIARIES
 PRO FORMA SUMMARY CONSOLIDATED FINANCIAL INFORMATION
 CONSOLIDATED STATEMENTS OF OPERATIONS DATA
 (IN THOUSANDS, EXCEPT SHARE DATA)
 (UNAUDITED)

<TABLE>
 <CAPTION>

	YEAR ENDED DECEMBER 31, 1998		
	PRO FORMA		PRO FORMA
	ACTUAL	ADJUSTMENTS	
<S>	<C>	<C>	<C>
Total revenues.....	\$ 17,673	--	\$ 17,673
Total costs and expenses.....	132,307	--	132,307
Loss from operations.....	(114,634)	--	(114,634)
Total other income (expense).....	(3,252)	\$1,172	(2,080)
Net loss.....	\$ (117,886)	1,172	\$ (116,714)
Basic and diluted net loss per share.....	\$ (2.92)		\$ (2.65)
Shares used in computing net loss per share.....	40,392,421		43,993,841

<TABLE>
 <CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30, 1999		
	PRO FORMA		PRO FORMA
	ACTUAL	ADJUSTMENTS	
<S>	<C>	<C>	<C>
Total revenues.....	\$ 28,467	--	\$ 28,467
Total costs and expenses.....	73,032	--	73,032
Loss from operations.....	(44,565)	--	(44,565)
Total other income (expense).....	(7,293)	\$813	(6,480)
Net loss.....	\$ (51,858)	813	\$ (51,045)
Basic and diluted net loss per share.....	\$ (1.11)		\$ (1.02)
Shares used in computing net loss per share.....	46,580,319		50,181,739

See accompanying note to Pro Forma Summary Consolidated Financial Information.

-25-

LIGAND PHARMACEUTICALS INCORPORATED AND SUBSIDIARIES
 PRO FORMA SUMMARY CONSOLIDATED FINANCIAL INFORMATION
 CONSOLIDATED BALANCE SHEETS DATA

(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

AS OF DECEMBER 31, 1998				

	PRO FORMA			
	ACTUAL	ADJUSTMENTS	PRO FORMA	
	-----	-----	-----	
<S>	<C>	<C>	<C>	
Cash, cash equivalents and short term investments.....	\$ 72,521		\$22,681	\$ 95,202
Working capital.....	51,098	22,681	73,779	
Total assets.....	156,020	22,681	178,701	
Long-term debt.....	51,185	--	51,185	
Convertible subordinated debentures.....	39,302	--	39,302	
Accumulated deficit.....	(395,630)	1,172	(394,458)	
Total stockholders' equity (deficit).....	(11,362)	22,681	11,319	
Book value per share.....	(0.25)	0.48	0.23	

</TABLE>

<TABLE>
<CAPTION>

AS OF SEPTEMBER 30, 1999				

	PRO FORMA			
	ACTUAL	ADJUSTMENTS	PRO FORMA	
	-----	-----	-----	
<S>	<C>	<C>	<C>	
Cash, cash equivalents and short term investments.....	\$ 47,889		\$22,322	\$ 70,211
Working capital.....	35,513	22,322	57,835	
Total assets.....	131,713	22,322	154,035	
Long-term debt.....	113,320	--	113,320	
Convertible subordinated debentures.....	41,308	--	41,308	
Accumulated deficit.....	(447,488)	813	(446,675)	
Total stockholders' equity (deficit).....	(44,989)	22,322	(22,667)	
Book value per share.....	(0.94)	0.50	(0.44)	

</TABLE>

See accompanying note to Pro Forma Summary Consolidated Financial Information.

-26-

MISCELLANEOUS

The Company is not aware of any jurisdiction where the making of the Exchange Offer is prohibited by administrative or judicial action pursuant to any valid statute of such jurisdiction. If the Company becomes aware of any such valid statute prohibiting the making of the Exchange Offer or the acceptance of Warrants pursuant thereto, the Company will make a good faith effort to comply with such statute. If, after such good faith effort, the Company cannot comply with such statute, the Exchange Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Warrants in such jurisdiction.

The Company has filed with the SEC the Schedule 13E-4 pursuant to Rule 13e-4 under the Exchange Act containing certain additional information with respect to the Exchange Offer. Such Schedule and any amendments thereto, including exhibits, may be examined and copies may be obtained from the principal office of the SEC in the manner set forth under the heading "Information Concerning the Company -- Information Incorporated by Reference; Availability of Information" (except that they will not be available at the regional offices of the SEC).

No person has been authorized to give any information or make any representation on behalf of the Company not contained in this Offer to Exchange or in the Letter of Transmittal and, if given or made, such information or representations must not be relied upon as having been authorized.

Ligand Pharmaceuticals Incorporated

November 19, 1999

-27-

THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.

<TABLE>

<S>	<C>	<C>	
By Hand Delivery:	By Overnight Delivery:	By Mail:	
120 Broadway, 13th Floor	85 Challenger Road	P.O. Box 3301	
New York, New York 10271	Mail Drop-Reorg.	South Hackensack, New Jersey	
Attn: Reorganization Dept.	Ridgefield Park, New Jersey	07606	
	07660	Attn: Reorganization Dept.	
	Attn: Reorganization Dept.		

</TABLE>

<TABLE>

<S>	<C>	
Wire Transfer Instructions:	Facsimile Transmission:	
The Chase Manhattan Bank	(201) 296-4293	
New York, NY 10001	Confirm Receipt of Facsimile By Telephone:	
ABA #021 000 021	(201) 296-4860	
Attn: ChaseMellon Shareholder Services, L.L.C.		
Reorg. Acct. #323-213057		
Re: Ligand Pharmaceuticals Warrants		

</TABLE>

Questions and requests for assistance may be directed to the Information Agent at its telephone number listed below. Additional copies of this Offer to Exchange, the Letter of Transmittal and other exchange offer materials may be obtained by contacting the Information Agent and will be furnished promptly at the Company's expense:

THE INFORMATION AGENT FOR THE EXCHANGE OFFER IS:

CHASEMELLON CONSULTING SERVICES, L.L.C.
450 WEST 33RD STREET, 14TH FLOOR
NEW YORK, NEW YORK 10001

Banks and Brokers Call: (212) 273-8035
All Others Call Toll Free: (888) 867-6003

</TABLE>

* Unless otherwise specified, it will be assumed that the entire number of shares represented by the Warrants described above is being tendered. See Instruction 5.

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

EXCEPT AS OTHERWISE PROVIDED HEREIN, ALL SIGNATURES ON THIS LETTER OF TRANSMITTAL MUST BE GUARANTEED IN ACCORDANCE WITH THE PROCEDURES SET FORTH HEREIN. SEE INSTRUCTION 1.

HOLDERS WHO WISH TO TENDER THEIR WARRANTS MUST COMPLETE COLUMNS (1), (2), (4) AND (5) IN THE BOX HEREIN ENTITLED "DESCRIPTION OF WARRANTS TENDERED" ON THE FIRST PAGE HEREOF AND SIGN IN THE APPROPRIATE BOX BELOW. IF ONLY THOSE COLUMNS ARE COMPLETED, THE HOLDER WILL BE DEEMED TO HAVE TENDERED ALL THE WARRANTS LISTED IN THE TABLE. IF A HOLDER WISHES TO TENDER FEWER THAN ALL OF SUCH WARRANTS, COLUMN (3) MUST BE COMPLETED IN FULL, AND SUCH HOLDER SHOULD REFER TO INSTRUCTION 5.

HOLDERS MUST SUBMIT A CASHIER'S OR CERTIFIED CHECK, MONEY ORDER OR WIRE TRANSFER IN THE AMOUNT OF \$7.12 PER SHARE OF COMMON STOCK FOR WHICH THE WARRANT(S) BEING TENDERED IS (ARE) EXERCISABLE PAYABLE TO CHASEMELLON SHAREHOLDER SERVICES, L.L.C., AS EXCHANGE AGENT, (OR TO THE ACCOUNT SPECIFIED FOR WIRE TRANSFERS) IN ORDER TO VALIDLY TENDER WARRANTS. PAYMENT MUST BE RECEIVED BY THE EXCHANGE AGENT BEFORE THE OFFER EXPIRATION DATE.

This Letter of Transmittal relates to warrants (the "Warrants" or the "ALRT Warrants") for the purchase of the common stock, par value \$0.001 per share (the "Common Stock") of Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), at an exercise price of \$7.12 per share which warrants were originally issued in connection with a public offering with Allergan Ligand Retinoid Therapeutics, Inc. This Letter of Transmittal is to be used only if the Warrants are to be physically delivered to the Exchange Agent or if delivery of the Warrants is to be made by book-entry transfer to the Exchange Agent's account at The Depository Trust Company ("DTC") pursuant to the procedures set forth in the Offer to Exchange dated November 19, 1999 (as the same may be amended or supplemented from time to time, the "Offer to Exchange") under the heading "The Exchange Offer -- Procedures for Tendering Warrants."

In order to validly tender warrants a payment of \$7.12 per share of Common Stock into which the Warrant(s) being tendered is exercisable must be made. Such payment must be made via a certified or cashier's check, money order or wire transfer payable to ChaseMellon Shareholder Services, L.L.C., as exchange agent (or to the account specified for wire transfers). Such payment must be received, by the Exchange Agent, prior to the Offer Expiration Date.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

(BOX BELOW FOR USE BY ELIGIBLE INSTITUTIONS ONLY)

CHECK HERE IF TENDERED WARRANTS ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE EXCHANGE AGENT'S ACCOUNT AT THE DEPOSITORY TRUST COMPANY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Account No.:

Transaction Code No.:

CHECK HERE IF TENDERED WARRANTS ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s):

Date of Execution of Notice of Guaranteed Delivery:

Name of Institution that Guaranteed Delivery:

If delivery is by book-entry transfer: Name of Tendering Institution:

Account No.: _____ at DTC

Transaction Code No.:

2

Ladies and Gentlemen:

By execution hereof, the undersigned hereby acknowledges he, she or it has received and reviewed the accompanying Offer to Exchange and this Letter of Transmittal relating to the offer to exchange by Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), upon the terms and subject to the conditions set forth herein and therein, certain of its outstanding warrants to purchase shares of its common stock, \$0.001 par value per share ("Common Stock"). The Exchange Offer (as defined below) relates to warrants (the "Warrants" or "ALRT Warrants") originally issued in the public offering with Allergan Ligand Retinoid Therapeutics, Inc., at an exercise price of \$7.12 per share. As set forth in the Offer to Exchange, the Company has offered to exchange any outstanding Warrants, together with payment to the Exchange Agent of \$7.12 per share for which the Warrants are exercisable, the number of newly issued shares of Common Stock issuable under such Warrants plus a cash amount of \$1.12, net, without interest, per share of Common Stock (the "Exchange Offer").

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the Warrants and the cash payment indicated above and elects to have such Warrants converted, upon consummation of the Exchange Offer, into the right to receive shares of Common Stock and cash, as applicable. The undersigned understands that the obligation of the Company to consummate the Exchange Offer is subject to several conditions as set forth in the Offer to Exchange under "The Exchange Offer -- Terms of the Offer; Conditions; Extension of Tender Period; Termination; Amendment."

The undersigned acknowledges that all the conditions referred to above are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to such conditions and may be waived by the Company, in whole or in part, at any time and from time to time, in the sole discretion of the Company. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. If any of the conditions set forth in this section shall not be satisfied, the Company may, subject to applicable law, (i) terminate the Exchange Offer and return all Warrants and cash payments tendered pursuant to the Exchange Offer to tendering holders; (ii) extend the Exchange Offer and retain all tendered Warrants and cash payments until the Offer Expiration Date for the extended Exchange Offer; (iii) amend the terms of the Exchange Offer or modify the consideration to be provided by the Company pursuant to the Exchange Offer; or (iv) waive the unsatisfied conditions with respect to the Exchange Offer and accept all Warrants and cash payments tendered pursuant to the Exchange Offer. Notwithstanding anything to the contrary, the Company may extend the period of the Exchange Offer in its sole discretion. In any such event, the tendered Warrants not accepted for exchange (and the related cash payments) will be returned to the undersigned without cost to the undersigned as soon as practicable following the date on which the Exchange Offer is terminated or expires without any Warrants being exchanged thereunder, at the address shown below the undersigned's signature(s).

Subject to, and effective upon, the acceptance by the Company of the Warrants and cash payment tendered hereby for exchange pursuant to the terms of the Exchange Offer, the undersigned hereby irrevocably sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the undersigned's status as a holder of, all Warrants and cash payments tendered hereby, waives any and all rights with respect to the Warrants and cash payments tendered hereby and releases and discharges any obligor of the Warrants from any and all claims the undersigned may have now, or may have in the future, arising out of or related to the Warrants. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent (with full knowledge that the Exchange Agent also acts as agent of the Company) as the true and lawful agent and attorney-in-fact of the undersigned with respect to such Warrants and cash payments, with full power of substitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver such Warrants and cash payments and to receive on behalf of the undersigned in exchange for the Warrants and cash payments, any certificates of the shares of Common Stock and cash issuable pursuant to the Exchange Offer to

be forwarded to the undersigned, (b) present such Warrants for transfer on the books of the Company, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Warrants, all in accordance with the terms of the Exchange Offer.

The undersigned hereby represents and warrants that (i) the undersigned has full power and authority to tender, sell, assign and transfer the Warrants and cash payments tendered hereby, and that when such Warrants and cash payments are accepted for exchange by the Company, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and that none of such Warrants and cash payments will be subject to any adverse claim or right; (ii) the undersigned owns the Warrants and cash payments being tendered hereby and is entitled to tender such Warrants and cash payments as contemplated by the Exchange Offer, all within the meaning of Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (iii) the tender of such Warrants and cash payments complies with Rule 13e-4 under the Exchange Act. The undersigned, upon request, will execute and deliver all additional documents deemed by the Exchange Agent or the Company to be

3

necessary or desirable to complete the sale, assignment and transfer of the Warrants and cash payments tendered hereby. The undersigned understands that tenders of Warrants and cash payments pursuant to any of the procedures described in the Offer to Exchange under the caption "The Exchange Offer -- Procedures for Tendering Warrants" and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Exchange Offer. The Company's acceptance of such Warrants and cash payments for exchange pursuant to the terms of the Exchange Offer will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer. The undersigned has read and agrees to all terms and conditions of the Exchange Offer. Delivery of the enclosed Warrants and cash payments shall be effected, and risk of loss and title of such Warrants and cash payments shall pass, only upon proper delivery thereof, to the Exchange Agent.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives. WARRANTS AND CASH PAYMENTS TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 12:01 A.M., NEW YORK CITY TIME, ON DECEMBER 18, 1999, UNLESS THE OFFER IS EXTENDED (THE "OFFER EXPIRATION DATE"). See the information set forth under the heading "The Exchange Offer -- Withdrawal Rights" in the Offer to Exchange.

The undersigned requests that you issue the applicable consideration with respect to Warrants and cash payments accepted for exchange, and return any Warrants and cash payments not tendered or not accepted for exchange, in the name(s) of the registered holder(s) appearing in the box entitled "Description of Warrants Tendered." Similarly, please deliver the applicable consideration with respect to Warrants and cash payments accepted for exchange, together with any Warrants not tendered or any Warrants and cash payments not accepted for exchange (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing in the box entitled "Description of Warrants Tendered."

If your Certificate(s) have been lost, stolen, misplaced or mutilated contact ChaseMellon at 1-888-867-6003. See Instruction 10.

SPECIAL ISSUANCE/PAYMENT INSTRUCTIONS

Complete ONLY if the new certificate and/or check is to be issued in a name which differs from the name on the surrendered Warrant(s). Issue to:

Name:

Address:

(Please also complete Substitute Form W-9 below AND see instructions regarding signature guarantee. See Instructions 1 & 6)

SPECIAL DELIVERY INSTRUCTIONS

Complete ONLY if the new certificate and check are to be mailed to some address other than the address reflected above. Mail to:

Name:

Address:

(Please also complete Substitute Form W-9 below AND see instructions regarding signature guarantee. See Instructions 1 & 6)

4

PLEASE COMPLETE THE SUBSTITUTE FORM W-9 BELOW.

PLEASE SIGN HERE

(TO BE COMPLETED BY ALL TENDERING HOLDERS OF WARRANTS REGARDLESS OF WHETHER WARRANTS OR CASH PAYMENTS ARE BEING PHYSICALLY DELIVERED HEREWITH)

_____ DATED: _____, 1999

_____ DATED: _____, 1999

SIGNATURE(S) OF HOLDER(S)
OR AUTHORIZED SIGNATORY

Must be signed by the registered holder(s) of the Warrants tendered hereby exactly as their name(s) appear(s) on such Warrants, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, agent or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 6.

Name(s):

(Please Print)

Capacity (full title):

Address:

(Including Zip Code)

Area Code and Telephone Number:

Tax Identification or Social Security No.:

SIGNATURE GUARANTEE
(SEE INSTRUCTIONS 1 AND 6 BELOW)

(NAME OF ELIGIBLE INSTITUTION GUARANTEEING SIGNATURES)

(ADDRESS (INCLUDING ZIP CODE) AND TELEPHONE NUMBER (INCLUDING AREA CODE) OF ELIGIBLE INSTITUTION)

(AUTHORIZED SIGNATURE)

(PRINTED NAME)

(TITLE)

5

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. GUARANTEE OF SIGNATURES. All signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations, and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program or the Stock Exchange Medallion Program (an "Eligible Institution") unless (a) this Letter of Transmittal is signed by the holder of the Warrants tendered herewith and such holders have not completed either the box entitled "special payment instructions" or the box entitled "special delivery instructions on the Letter of Transmittal or (b) such Warrants are tendered for the account of an Eligible Institution. See Instruction 6.

2. DELIVERY OF LETTER OF TRANSMITTAL, WARRANTS AND CASH PAYMENTS. This Letter of Transmittal is to be used only if Warrants and cash payments tendered hereby are to be physically delivered to the Exchange Agent (or cash payments made by wire transfer to the account specified for wire transfers) or if delivery of the Warrants is to be made by book-entry transfer to the Exchange Agent's account at DTC pursuant to the proceeds set forth in the Offer to Exchange. All physically tendered Warrants and cash payments, together with a properly completed and validly executed Letter of Transmittal (or facsimile or electronic copy thereof or an electronic agreement to comply with the terms thereof) and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at one of its addresses set forth in this Letter of Transmittal prior to the Offer Expiration Date. If Warrants and cash payments are forwarded to the Exchange Agent in multiple deliveries, a properly completed and validly executed Letter of Transmittal must accompany each such delivery. All cash payments must be made either by cashier's or certified check, money order or wire transfer. Personal checks will not be accepted.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, WARRANTS, CASH PAYMENTS, AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE TENDERING HOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF SUCH DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, THE MAILING SHOULD BE MADE SUFFICIENTLY IN ADVANCE OF THE OFFER EXPIRATION DATE, TO PERMIT DELIVERY TO THE EXCHANGE AGENT PRIOR TO SUCH DATE. NO ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF WARRANTS AND CASH PAYMENTS WILL BE ACCEPTED. BY EXECUTION OF THIS LETTER OF TRANSMITTAL (OR A FACSIMILE HEREOF), ALL TENDERING HOLDERS WAIVE ANY RIGHT TO RECEIVE ANY NOTICE OF THE ACCEPTANCE OF THEIR WARRANTS FOR EXCHANGE.

3. INADEQUATE SPACE. If the space provided on the first page hereof under "Description of Warrants Tendered" is inadequate, the Warrant number(s) and the number of shares for which of Common Stock for which such Warrants are exercisable should be listed on a separate schedule and attached hereto.

4. WITHDRAWAL OF TENDERS. Tenders of Warrants and cash payments may be withdrawn at any time until the Offer Expiration Date. Thereafter, such tenders are irrevocable. Holders who wish to exercise their right of withdrawal with respect to the Exchange Offer must give written notice of withdrawal, delivered by mail or hand or facsimile transmission, to the Exchange Agent at one of its addresses set forth in this Letter of Transmittal prior to the Offer Expiration Date or at such other time as otherwise provided for herein. In order to be effective, prior to the physical release of the Warrants and cash payments to be withdrawn, a notice of withdrawal must specify (i) the name of the person who deposited the Warrants and cash payments to be withdrawn (the "Depositor"), (ii) the name in which the Warrants are registered, if different from that of the Depositor, and (iii) the number of shares issuable upon exchange of the Warrants to be withdrawn. The notice of withdrawal must be signed by the registered holder of such Warrants in the same manner as the applicable Letter of Transmittal (including any required signature guarantees), or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of such Warrants. Withdrawals of tenders of Warrants and cash payments may not be rescinded, and any Warrants and cash payments withdrawn will be deemed not validly tendered thereafter for purposes of the Exchange Offer. However, properly withdrawn Warrants and cash payments may be tendered again at any time prior to the Offer Expiration Date by following the procedures for tendering not previously tendered Warrants described elsewhere herein. If the Company is delayed in its acceptance for exchange and payment for any Warrants or is unable to accept Warrants or cash payments for exchange or issue shares of Common Stock or cash, pursuant to the Exchange Offer, for any reason, then, without prejudice to the Company's rights hereunder, tendered Warrants and cash payments may be retained by the Exchange Agent on behalf of the Company and may not be withdrawn (subject to Rule 13e-4(f)(5) under the Securities Exchange Act of 1934, as amended, which requires that the issuer making the tender offer pay the consideration offered, or return

the tendered securities, promptly after the termination or withdrawal of a tender offer), except as otherwise permitted hereby.

5. PARTIAL TENDERS. Warrants delivered to the Exchange Agent will be deemed to have been tendered for the aggregate number of shares evidenced by the Warrants, unless otherwise indicated. If tenders of Warrants are made with respect to less than the entire number of shares for which the Warrants delivered herewith are exercisable. A new warrant will be issued and sent to the registered holder exercisable for the untendered balance of such Warrants.

6. SIGNATURES ON LETTER OF TRANSMITTAL; WARRANT POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Warrants tendered hereby, the signature(s) must correspond with the name(s) as written on the face of such Warrants without alteration, enlargement or any other change whatsoever. If any Warrants and cash payments tendered hereby are owned of record by two or more persons, all such persons must sign this Letter of Transmittal. If any Warrants and cash payments tendered hereby are in the names of different holders or if a single holder's name appears differently on different Warrants, it will be necessary to complete, sign and submit as many separate Letters of Transmittal, and any necessary accompanying documents, as there are different registrations of such Warrants.

If this Letter of Transmittal is signed by a person other than the holder(s) of the Warrants tendered hereby, the Warrants must be endorsed or accompanied by appropriate warrant powers, in either case signed exactly as the name(s) of the holder(s) appear(s) on the Warrants. Signatures on such Warrants and warrant powers must be guaranteed by an Eligible Institution. See Instruction 1.

If this Letter of Transmittal or any Warrants or warrant powers or checks for cash payments are signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of such person's authority to so act must be submitted with this Letter of Transmittal.

7. TRANSFER TAXES. The Company will pay all transfer taxes with respect to the delivery and exchange of Warrants and cash payments pursuant to the Exchange Offer.

8. TAXPAYER IDENTIFICATION NUMBER. Each tendering holder is required to provide the Exchange Agent with the holder's correct taxpayer identification number ("TIN"), generally, the holders' social security or federal employer identification number, on Substitute Form W-9, which is provided under "Important Tax Information" below, and to certify whether such person is subject to backup withholding of federal income tax.

A holder must cross out Item (2) of Part 2 in the Certification box of Substitute Form W-9 if such holder is subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering holder to 31% federal income tax backup withholding on the reportable payments made to the holder or other payee with respect to Warrants exchanged pursuant to the Exchange Offer. The box in Part 3 of the form should be checked if the tendering holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the Exchange Agent is not provided with a TIN within 60 days, thereafter the Exchange Agent will hold 31% of all reportable payments until a TIN is provided to the Exchange Agent.

9. CONFLICTS. In the event of any conflict between the terms of the Offer to Exchange and the terms of this Letter of Transmittal, the terms of the Offer to Exchange will control.

10. MUTILATED, LOST, STOLEN OR DESTROYED WARRANTS. Any holder whose Warrants have been mutilated, lost, stolen or destroyed, should contact ChaseMellon Consulting Services, L.L.C., the Information Agent, at the address and telephone number indicated on the back cover page of the Offer to Exchange for further instructions.

11. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or additional copies of the Offer to Exchange, this Letter of Transmittal and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from ChaseMellon Consulting Services, L.L.C., the

Information Agent, at the number on the cover of this document.

12. DETERMINATION OF VALIDITY. All questions as to the form of all documents, the validity (including time of receipt) and acceptance of tenders of the Warrants and cash payments will be determined by the Company, in its sole discretion, the determination of which shall be final and binding. Alternative, conditional or contingent tenders of Warrants and cash payments will not be considered valid. The Company reserves the absolute right to reject any or all tenders of Warrants and cash payments that are not in proper form or the acceptance of which, in the Company's opinion, would be unlawful. The Company also reserves the right to waive any defects, irregularities or conditions of tender as to particular Warrants and cash payments. If the Company waives its right to reject a defective tender of Warrants and cash payments, the holder will be entitled to the applicable consideration. The Company's interpretation of the terms and

7

conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of Warrants and cash payments must be cured within such time as the Company determines, unless waived by the Company. Tenders of Warrants and cash payments shall not be deemed to have been made unless and until all defects and irregularities have been waived by the Company or cured. None of the Company, the Exchange Agent, the Information Agent, or any other person will be under any duty to give notice of any defects or irregularities in tenders of Warrants and cash payments, or will incur any liability to holders for failure to give any such notice.

IMPORTANT TAX INFORMATION

Under the federal income tax law, a holder whose tendered Warrants are accepted for exchange is required by law to provide the Exchange Agent (as payer) with such holder's correct TIN on Substitute Form W-9 below. If such holder is an individual, the TIN is his or her social security number. If the Exchange Agent is not provided with the correct TIN, a \$50 penalty may be imposed by the Internal Revenue Service, and payments of applicable consideration may be subject to backup withholding.

Certain holders (including, among others, corporations) are not subject to these backup withholdings and reporting requirements. Exempt holders should indicate their exempt status on Substitute Form W-9. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Exchange Agent. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instruction.

If backup withholding applies, the Exchange Agent is required to withhold 31% of any reportable payments made to the holder or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on reportable payments made with respect to Warrants and cash payments accepted for exchange pursuant to the Exchange Offer, the holder is required to notify the Exchange Agent of such holder's correct TIN by completing the form below, certifying that the TIN provided on the Substitute Form W-9 is correct (or that such holder is awaiting a TIN) and that (a) such holder is exempt from backup withholding, (b) such holder has not been notified by the Internal Revenue Service that he, she or it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the Internal Revenue Service has notified such holder that such holder is no longer subject to backup withholding.

8

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

The holder is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the holder of the Warrants and cash payments tendered hereby. If the Warrants are held in more than one name or are not held in the name of the actual owner, consult the enclosed

Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report.

Payor's Name: ChaseMellon Shareholder Services, L.L.C.

SUBSTITUTE
FORM W-9

Department of the
Treasury Internal
Revenue Service
Payer's Request
for Taxpayer
Identification
Number (TIN)

PART 1 -- Please provide your tin in
the box at right and certify by

Social Security Number
signing and dating below.

OR Employer Identification
Number

PART 2 -- Certification -- Under
penalties of perjury, I certify that:

(1) The number shown on this form is
my correct Taxpayer Identification
Number (or I am waiting for a number
to be issued to me); and

(2) I am not subject to backup
withholding either because (a) I am
exempt from backup withholding, (b) I
have not been notified by the Internal
Revenue Service (the "IRS") that I am
subject to backup withholding as a
result of a failure to report all
interest or dividends or (c) the IRS
has notified me that I am no longer
subject to backup withholding.

Certification Instructions -- You must cross out item (2) above if you
have been notified by the IRS that you are currently subject to backup
withholding because of underreporting interest or dividends on your tax
return. However, if after being notified by the IRS that you are subject
to backup withholding, you received another notification from the IRS that
you are no longer subject to backup withholding, do not cross out such
item (2).

THE INTERNAL REVENUE SERVICE DOES NOT REQUIRE YOUR CONSENT TO ANY
PROVISION OF THIS DOCUMENT OTHER THAN THE CERTIFICATIONS REQUIRED TO AVOID
BACKUP WITHHOLDING.

PART 3 -- Awaiting TIN []

Signature

Name: (Please Print)

Date:

Address:

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and that I mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service center or Social Security Administration office (or I intend to mail or deliver an application in the near future). I understand that if I do not provide a taxpayer identification number to the payor, 31% of all payments made to me pursuant to this offer shall be retained until I provide a tax identification number to the payor and that, if I do not provide my taxpayer identification number within sixty days, such retained amounts shall be remitted to the IRS as backup withholding and 31% of all reportable payments made to me thereafter will be withheld and remitted to the IRS until I provide a taxpayer identification number.

Signature:
----- Date:
-----, 1999

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY CASH PAYMENTS. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

THE EXCHANGE AGENT FOR THE OFFER IS:
CHASEMELLON SHAREHOLDER SERVICES, L.L.C.

<TABLE>		
<S>	<C>	<C>
By Hand Delivery	By Overnight Delivery:	By Mail:
120 Broadway, 13th Floor	85 Challenger Road	P.O. Box 3301
New York, New York 10271	Mail Drop-Reorg	South Hackensack
Attn: Reorganization Dept.	Ridgefield Park, New Jersey 07660	New Jersey 07606
	Attn: Reorganization Dept.	Attn: Reorganization Dept.
</TABLE>		

<TABLE>	
<S>	<C>
Wire Transfer Instructions:	Facsimile Transmission:
The Chase Manhattan Bank	(201) 296-4293
New York, New York 10001	
ABA# 021 000 021	Confirm Receipt of Facsimile
Attn: ChaseMellon Shareholder Services, L.L.C.	By Telephone:
Reorg Acct. #323-213057	(201) 296-4860
Re: Ligand Pharmaceuticals Warrants	
</TABLE>	

THE INFORMATION AGENT FOR THE OFFER IS:
CHASEMELLON CONSULTING SERVICES, L.L.C.
450 WEST 33RD STREET
14TH FLOOR
NEW YORK NEW YORK, 10001
BANKS AND BROKERS CALL: (212) 273-8035
ALL OTHERS CALL TOLL FREE: (888) 867-6003

EXHIBIT (a)(3)

LIGAND PHARMACEUTICALS INCORPORATED NOTICE OF
GUARANTEED DELIVERY OF ALRT WARRANTS

This Notice of Guaranteed Delivery, or a form substantially equivalent hereto, must be used to accept the offer by Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company") to exchange, upon the terms and conditions set forth in the Offer to Exchange and the Letter of Transmittal, certain of its outstanding warrants to purchase shares of its common stock, \$0.001 par value per share ("Common Stock"). The Exchange Offer (as defined below) relates to warrants (the "Warrants" or "ALRT Warrants") originally issued in the public offering with Allergan Ligand Retiwoid Therapeutics, Inc., at an exercise price of \$7.12 per share. As set forth in the Offer to Exchange (as defined below) the Company has offered to exchange any outstanding Warrants, together with payment to the Exchange Agent of \$7.12 per share for which the Warrants are exercisable, the number of newly issued shares of Common Stock issuable under such Warrants plus a cash amount of \$1.12, net, without interest, per share of Common Stock (the "Exchange Offer"). If (a) certificates representing the Warrants are not immediately available, (b) the procedures for book-entry transfer cannot be completed prior to the Offer Expiration Date (as defined), or (c) time will not permit the Warrants and all other required documents to reach the Exchange Agent prior to the Offer Expiration Date then this form may be delivered by an Eligible Institution by mail or hand delivery or transmitted, via facsimile, telegram or telex to the Exchange Agent as set forth below. However, if the cash payment required to participate in the Exchange Offer is not received by the Exchange Agent before the Offer Expiration date, then neither the tender of the Warrants nor the use of this form will allow the holder of any such Warrants to participate in the Exchange Offer. All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Offer to Exchange dated November 19, 1999 of the Company (as the same may be amended or supplemented from time to time, the "Offer to Exchange").

THE EXCHANGE OFFER WILL EXPIRE AT 12:01 A.M., NEW YORK CITY TIME, ON DECEMBER 18, 1999, UNLESS EXTENDED, (THE "OFFER EXPIRATION DATE"). TENDERS OF WARRANTS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE OFFER EXPIRATION DATE.

THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:
CHASEMELLON SHAREHOLDER SERVICES, L.L.C.

<TABLE>

<S>	<C>	<C>	
By Hand Delivery	By Overnight Delivery:	By Mail:	
120 Broadway, 13th Floor	85 Challenger Road	P.O. Box 3301	
New York, New York 10271	Mail Drop-Reorg	South Hackensack	
Attn: Reorganization Dept.	Ridgefield Park, New Jersey 07660	New Jersey 07606	
	Attn: Reorganization Dept.	Attn: Reorganization Dept.	

</TABLE>

<TABLE>

<S>	<C>	
Wire Transfer Instructions:	Facsimile Transmission:	
The Chase Manhattan Bank	(201) 296-4293	
New York, NY 10001		
ABA# 021 000 021	Confirm Receipt of Facsimile	
Attn: ChaseMellon Shareholder Services, L.L.C.	By Telephone:	
Reorg Acct. #323-213057	(201) 296-4860	
Re: Ligand Pharmaceuticals Warrants		

</TABLE>

THE INFORMATION AGENT FOR THE EXCHANGE OFFER IS:
CHASEMELLON CONSULTING SERVICES, L.L.C.

450 West 33rd Street
14th floor
New York, New York 10001

Banks and Brokers call: (212) 273-8035
all others call toll free: (888) 867-6003

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OR TELEX, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS FORM IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON THE LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

Ladies and Gentlemen: The undersigned hereby tender(s) to Ligand Pharmaceuticals Incorporated (the "Company"), upon the terms and subject to the conditions set forth in the Offer to Exchange and the Letter of Transmittal, receipt of which is hereby acknowledged, the Warrants set forth below, pursuant to the guaranteed delivery procedures set forth in the Offer to Exchange under the heading "The Exchange Offer -- Procedures for Tendering Warrants -- Guaranteed Delivery Procedures."

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

PLEASE SIGN AND COMPLETE

Please tender _____ Warrants held by you for my account.

(NAME OF RECORD HOLDER(S)) (AUTHORIZED SIGNATURE(S))

(ADDRESS)

(CITY, STATE, ZIP CODE)

(AREA CODE AND TELEPHONE NUMBER)

Dated: _____, 1999

Certificate No(s). of Warrants (if available):

If Warrants will be delivered by book-entry transfer, check box below:

The Depository Trust Company Trust Company Account No.:

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEES)

The undersigned, a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States, guarantees (a) that the above named person(s) "own(s)" the Warrants tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (b) that such tender of Warrants complies with Rule 14e-4 and (c) to deliver to the Exchange Agent the Shares tendered hereby, together with a properly completed and duly executed Letter(s) of Transmittal (or facsimile(s) thereof), unless an Agent's Message is utilized, and any other required documents, all within three Nasdaq Stock Market trading days of the date hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Exchange Agent and must deliver the Letter of Transmittal and Warrants to the Exchange Agent within the same time period herein. Failure to do so could result in a financial loss to such Eligible Institution.

<TABLE>

<S>

<C>

(NAME OF FIRM)

(AUTHORIZED SIGNATURE)

(ADDRESS)

(NAME) PLEASE TYPE OR PRINT

(CITY, STATE, ZIP CODE)

(TITLE)

(AREA CODE AND TELEPHONE NUMBER)

Dated: , 1999

</TABLE>

DO NOT SEND WARRANTS WITH THIS FORM. WARRANTS SHOULD BE SENT TO THE EXCHANGE AGENT TOGETHER WITH A PROPERLY COMPLETED AND VALIDLY EXECUTED LETTER OF TRANSMITTAL.

EXHIBIT (a)(4)

LIGAND PHARMACEUTICALS INCORPORATED

OFFER TO EXCHANGE EACH OUTSTANDING ALRT WARRANT FOR THE PURCHASE OF COMMON STOCK OF LIGAND PHARMACEUTICALS INCORPORATED TOGETHER WITH \$7.12 IN CASH FOR EACH SHARE FOR WHICH SUCH WARRANTS ARE EXERCISABLE, FOR ONE SHARE OF COMMON STOCK OF LIGAND PHARMACEUTICALS INCORPORATED AND \$1.12 IN CASH.

THE OFFER WILL EXPIRE AT 12:01 A.M., NEW YORK CITY TIME, ON DECEMBER 18, 1999, UNLESS EXTENDED (THE "OFFER EXPIRATION DATE").

TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE OFFER EXPIRATION DATE.

November 19, 1999

To Our Clients:

Enclosed for your consideration is the Offer to Exchange and form of Letter of Transmittal relating to the offer of Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), to exchange certain of the Company's outstanding warrants for the purchase of its common stock, par value \$0.001 per share (the "Common Stock"). The Exchange Offer relates to warrants (the "Warrants" or "ALRT Warrants") originally issued in a public offering with Allergan Ligand Retinoid Therapeutics, Inc. for the purchase of the Company's Common Stock at an exercise price of \$7.12 per share. The Company offers to exchange any outstanding Warrants together with the payment to the Company of \$7.12 per share for which the Warrants are exercisable into, for the number of newly issued shares of Common Stock issuable thereunder and \$1.12 cash per share, net, without interest all upon the terms and subject to the conditions set forth in the Offer to Exchange and in the accompanying Letter of Transmittal (the terms of which constitute the "Exchange Offer").

This material is being forwarded to you as the beneficial owner of Warrants carried by us in your account but not registered in your name.

WE ARE THE HOLDER OF RECORD OF THE WARRANTS HELD FOR YOUR ACCOUNT. AS THE HOLDER OF RECORD OF YOUR WARRANTS ONLY WE, PURSUANT TO YOUR INSTRUCTIONS, CAN TENDER YOUR WARRANTS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER WARRANTS HELD BY US FOR YOUR ACCOUNT.

Accordingly, we request instructions as to whether you wish us to tender any or all Warrants held by us for your account pursuant to the terms and conditions set forth in the enclosed Offer to Exchange and the Letter of Transmittal.

Your instructions to us should be forwarded as promptly as possible in order to permit us to tender Warrants in accordance with the terms of the Exchange Offer. The Exchange Offer will expire at 12:01 a.m., New York City time, on December 18, 1999, unless extended by the Company.

If you wish to have us tender any or all of your Warrants held by us for your account, please so instruct us by completing, executing and returning to us the instruction form which appears below in this letter. An envelope to return your instructions to us is enclosed. Please forward your instructions to us as soon as possible to allow us ample time to tender your Warrants on your behalf prior to the Offer Expiration Date.

The Exchange Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Warrants residing in any jurisdiction in which the making of the Exchange Offer or acceptance thereof would not be in compliance with the securities laws of such jurisdiction. However, the Company may, in its discretion, take such action as it may deem necessary to make the Exchange Offer in any jurisdiction and extend the Offer to holders of Warrants in such jurisdiction.

INSTRUCTIONS TO REGISTERED HOLDER AND/OR
DTC PARTICIPANT
FROM BENEFICIAL OWNER

OF

LIGAND PHARMACEUTICALS INCORPORATED
OUTSTANDING WARRANTS TO PURCHASE COMMON STOCK

To Registered Holder and/or DTC Participant:

The undersigned hereby acknowledges receipt of the Offer to Exchange, dated November 19, 1999 (the "Offer to Exchange"), of Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), the terms of which, as amended or supplemented from time to time collectively constitute, the Company's offer (the "Exchange Offer"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Offer to Exchange.

This will instruct you, the registered holder and/or DTC participant, as to action to be taken by you relating to the Exchange Offer with respect to the Warrants held by you for the account of the undersigned.

The aggregate number of Warrants held by you for the account of the undersigned is (FILL IN AMOUNT):
----- Warrants.

With respect to the Exchange Offer, the undersigned hereby instructs you (CHECK ONE OF THE THREE BOXES BELOW):

TO TENDER the following Warrants held by you for the account of the undersigned (INSERT AGGREGATE NUMBER OF WARRANTS):
----- and TENDER from the undersigned's account the required cash payment of \$7.12 per share of Common Stock for which the Warrant(s), which the undersigned is instructing you to tender, are exercisable.

TO TENDER the following Warrants held by you for the account of the undersigned (INSERT AGGREGATE NUMBER OF WARRANTS):
----- but do NOT tender any funds on behalf of the undersigned. The undersigned will send the Exchange Agent a certified or cashier's check, money order or wire transfer (to the account specified for wire transfers) of the required cash payment of \$7.12 per share of Common Stock for which the Warrant(s), which the undersigned is instructing you to tender, are exercisable.

NOT TO TENDER any Warrants held by you for the account of the undersigned.

If the undersigned instructs you to tender the Warrants held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representation and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner; (b) to agree, on behalf of the undersigned, as set forth in the Letter of Transmittal; and (c) to take such other action as necessary under the Offer to Exchange or the Letter of Transmittal to effect the valid tender of such Warrants.

SIGN HERE

Signature(s):

Name of beneficial owners (please print):

Address:

Telephone number:

Account number:

Taxpayer Identification or Social Security Number:

Date: _____, 1999

UNLESS A SPECIFIC CONTRARY INSTRUCTION IS GIVEN IN THE SPACE PROVIDED, YOUR SIGNATURE(S) HEREON SHALL CONSTITUTE AN INSTRUCTION TO US TO TENDER ALL OF YOUR

OUTSTANDING WARRANTS.

EXHIBIT (a)(5)

LOGO

November 19th, 1999

Dear Warrant Holder:

After careful consideration and evaluation, the management and Board of Directors of Ligand Pharmaceuticals Incorporated have determined that it is in the best interests of the Company to make a tender offer for the outstanding Warrants which were issued in connection with a public offering with Allergan Ligand Retinoid Therapeutics, Inc. The Board has unanimously approved an exchange offer whereby, for a limited period, each Warrant together with \$7.12 per share for which the Warrant is exercisable paid in cash can be exchanged for the number of shares of Ligand common stock set forth in the Warrant plus \$1.12 in cash per share.

The Exchange Offer, which will expire at 12:01 a.m. New York City time on Saturday, December 18, 1999 unless extended, is not conditioned upon the exchange of a minimum number of Warrants.

The purpose of the Exchange Offer is to strengthen Ligand's cash, balance sheet and net equity while providing additional working capital to fund expanding commercialization of Ligand's products. The Exchange Offer is consistent with Ligand's long-term financing strategy of the past several years, and Ligand believes that it is the least dilutive and lowest cost alternative available to Ligand to raise capital to achieve these objectives.

Following the anticipated successful completion of the Exchange Offer, the number of remaining outstanding Warrants may be so low that public trading of the Warrants may be substantially reduced, possibly resulting in a delisting of the securities by Nasdaq. In that event, the liquidity of the Warrants may be significantly reduced. Any unexercised Warrants will expire at 5:00 p.m. New York City time on June 3, 2000.

The accompanying Offer to Exchange and Letter of Transmittal provides important information about Ligand and the detailed terms of the Exchange Offer. Please read and consider them carefully. Any Warrant holder electing to tender Warrants pursuant to the Exchange Offer must complete and sign the Letter of Transmittal, in accordance with the instructions therein and forward or hand deliver it, together with the tendered Warrants and the cash payment in a cashier's or certified check, money order or wire transfer, to the Exchange Agent at its address set forth on the back cover page of the Offer to Exchange. Any beneficial owner of Warrants whose securities are registered in the name of a broker, dealer, commercial bank, trust company or other nominee should not use the Letter of Transmittal, but should contact the registered holder(s) of such securities promptly to instruct the registered holder(s) whether to tender your securities.

Questions and requests for assistance or for additional copies of the Offer to Exchange should be directed to ChaseMellon Consulting Services, L.L.C., the Company's information agent, at (888) 867-6003. Again, I urge you to give your careful consideration to the offer described in the accompanying Offer to Exchange.

Sincerely yours,

/s/ DAVID E. ROBINSON
David E. Robinson
President and Chief Executive Officer

LIGAND PHARMACEUTICALS INCORPORATED 10275 Science Center Drive, San Diego, CA
92121 (619) 550-7500 fax (619) 550-7506