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Investor Relations

Ligand Pharmaceuticals Incorporated (ticker: LGND, exchange: NASDAQ) News Release - 1/6/03

Ligand, Royalty Pharma Expand SERM Royalty Agreement, Form New Royalty Partnership for Targretin Capsules

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SAN DIEGO & NEW YORK--(BUSINESS WIRE)--Jan. 6, 2003--

Ligand to Use Increased Proceeds of Up to \$15.4 Million Through 2003

to Accelerate Development of Targretin Capsules in NSCLC Monotherapy

and Targretin Gel in Hand Dermatitis

Ligand Pharmaceuticals (Nasdaq: LGND) and Royalty Pharma have expanded their SERM royalty agreement and formed a new royalty-sharing partnership around Ligand's approved cancer drug Targretin(R) (bexarotene) capsules, the companies announced today.

Under the companies' revised agreement, Royalty Pharma exercised an expanded option in December 2002 and agreed to pay Ligand \$6.775 million for 0.1875% of potential future sales of three selective estrogen receptor modulator (SERM) products now in Phase III development and for 1% of worldwide sales of Targretin capsules from January 2003 through 2016. The agreement does not apply to sales of Targretin capsules outside the United States for cutaneous T-cell lymphoma (CTCL) until the product is approved for an indication other than CTCL. Royalty Pharma also received an additional SERM option with a price of \$12.5 million that may be exercised in the fourth quarter of 2003.

"We are pleased to expand our positive, productive relationship with Royalty Pharma," said Paul V. Maier, Ligand's senior vice president and chief financial officer. "These transactions further underscore the value of our SERM assets, our Ligand Corporate Partner Products (LCPP) pipeline, and the potential of Targretin capsules in non-small cell lung cancer (NSCLC), where pivotal phase III trials for first-line combination therapy are well-advanced worldwide. These transactions could generate more than \$15.4 million in incremental cash for Ligand in the fourth quarter of 2002 and in 2003, providing an opportunity to accelerate two of our key development projects: Targretin capsules as monotherapy for NSCLC and Targretin gel in hand dermatitis."

"We are pleased to expand our investment in the SERMs, as well as to broaden our relationship with Ligand to include Targretin capsules, which we view as a promising drug for the treatment of CTCL and potentially other cancers," said Dave Madden, co-CEO of Royalty Pharma.

To date, Royalty Pharma has purchased the right to receive 0.6875% of net sales of the three SERM products for a period of 10 years from the first commercial sale of each product. The SERMs are lasofoxifene, which is in Phase III studies for osteoporosis at Pfizer, and bazedoxifene and bazedoxifene/PREMARIN(R), which are in Phase III trials at Wyeth for osteoporosis and as hormone replacement therapy. Royalty Pharma has remaining options, exercisable at its discretion, to purchase at escalating prices rights to receive up to another

- 0.875% of the products' net sales for:
- Up to \$25 million in two installments in 2003.
- Up to \$26.5 million in two installments in 2004.

Under the terms of the agreement, unexercised options expire on their due date and cannot be deferred or accelerated. All payments are non-refundable, regardless of whether the products are ever successfully registered or marketed. Milestone payments owed by Ligand's partners as the products complete development and registration are not included in the Royalty Pharma agreement and will be paid to Ligand as earned.

Ligand has formed a diverse portfolio of partnerships with 11 major pharmaceutical companies, including Pfizer and Wyeth. These companies currently have in clinical studies or on human development track approximately 14 products for major markets such as men's and women's hormone-related diseases, osteoporosis, diabetes, metabolic disorders, and cardiovascular and inflammatory diseases. In 2002 alone, Ligand's partners initiated clinical studies on four major new chemical entities.

About Targretin Capsules

In December 1999, the U.S. Food and Drug Administration granted marketing approval for Targretin capsules with once-daily oral administration for the treatment of cutaneous manifestations of CTCL in patients who are refractory to at least one prior systemic therapy. Ligand is conducting two pivotal Phase III studies of Targretin capsules for first-line use in combination with chemotherapy for late-stage NSCLC, the leading cause of cancer death. Ligand expects to complete accrual of the studies' approximately 1200 patients in 2003, and have survival data in 2004.

About Ligand

Ligand discovers, develops and markets new drugs that address critical unmet medical needs of patients in the areas of cancer, skin diseases, men's and women's hormone-related diseases, osteoporosis, metabolic disorders, and cardiovascular and inflammatory diseases. Ligand's proprietary drug discovery and development programs are based on its leadership position in gene transcription technology, primarily related to Intracellular Receptors (IRs) and Signal Transducers and Activators of Transcription (STATs).

About Royalty Pharma

Royalty Pharma acquires pharmaceutical and biotechnology product royalties and other revenue-producing intellectual property. In addition to its interests in lasofoxifene, bazedoxifene and Targretin capsules, the company owns royalty interests in nine marketed products: Rituxan(R), Neupogen(R), ReoPro(R), Thalomid(R), Zerit(R), Retavase, TOBI(R), Simulect(R) and Zenapax(R); one product candidate for which an NDA has been submitted, Ariza(R); and one product which is in Phase III clinical trials, alvimopan. More information on Royalty Pharma is available at www.royaltypharma.com.

Caution Regarding Forward-Looking Statements

This news release contains certain forward-looking statements by Ligand that involve risks and uncertainties and reflect Ligand's judgment as of the date of this release. These statements include those related to option exercise(s), royalty revenue, milestones, product development, pipelines and potential, and effects of the transactions on revenues. Actual events or results may differ from Ligand's expectations. There can be no assurance that studies of Targretin, lasofoxifene or bazedoxifene will be successful, that any of the mentioned products will receive further regulatory approvals, that Ligand will receive royalties from the eventual sale of lasofoxifene or bazedoxifene, that Royalty Pharma will exercise any of its other options to purchase royalty rights, or that any of the drug programs mentioned will be successful. Additional information concerning these and other risk factors affecting Ligand's business can be found in prior press releases as well as in Ligand's public periodic filings with the Securities and Exchange Commission, available via Ligand's internet site at www.ligand.com. Ligand disclaims any intent or obligation to update these forward-looking statements beyond the date of this release. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Ligand Pharmaceuticals' releases are available on the World Wide Web at www.businesswire.com/cnn/lgnd.htm.

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