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Ligand Completes Acquisition of Metabasis

SAN DIEGO-- Ligand Pharmaceuticals Incorporated (NASDAQ:LGND) announced that it has completed the acquisition of Metabasis Therapeutics, Inc. (NASDAQ:MBRX), following approval of the transaction by Metabasis stockholders yesterday. As a result, Ligand gains a fully funded partnership with Roche, additional pipeline assets and drug discovery technologies and resources. The transaction was first announced on October 27, 2009.

"We are excited about this acquisition and the opportunities it presents for our shareholders," said John L. Higgins, President and Chief Executive Officer of Ligand. "The acquisition of Metabasis builds on our strategy to cultivate a robust pipeline with a broad array of royalty bearing assets and early stage pipeline programs."

In the acquisition, Ligand paid \$1.6 million in cash or about \$0.046 per Metabasis share to Metabasis' stockholders. In addition, Metabasis stockholders received four tradable Contingent Value Rights (CVRs), one CVR from each of four respective series of CVRs, for each Metabasis share. The CVRs will entitle Metabasis stockholders to cash payments as frequently as every six months as cash is received by Ligand from proceeds from Metabasis' partnership with Roche or the sale or partnering of any of the Metabasis drug development programs, among other triggering events.

Primary Acquired Assets

- Fully funded partnership with Roche to develop new treatments for hepatitis C viral infection utilizing the proprietary HepDirect(R) liver-targeting technology. The lead HepDirect nucleoside, MB11362, was declared a clinical candidate in the second quarter of 2009. Roche will fund 100% of program costs and will make milestone and royalty payments upon the achievement of certain development events and commercialization of MB11362 and/or other applicable HepDirect compounds covered under the agreement.
- Glucagon Receptor Antagonist Program - Metabasis has developed chemically novel, potent, orally bioavailable glucagon antagonists for treating type 2 diabetes. The lead compound, MB11262, has shown significant and consistent lowering of blood glucose when dosed orally in numerous diabetic animal models and is currently in pre-clinical development.
- Thyroid Receptor Beta Agonist Program - Metabasis has developed and evaluated in clinical trials a liver-targeted TR Beta agonist, MB07811, using HepDirect prodrug technology and other structural characteristics for the treatment of hyperlipidemia. In addition, there is an advanced discovery program to identify second-generation TR Beta agonists with potential improvements in the therapeutic index for lowering cholesterol and other lipids associated with cardiovascular risks.
- PeriCor Therapeutics - Metabasis has a common stock ownership position in privately-held PeriCor Therapeutics, Inc. PeriCor sublicensed rights from Metabasis to acadesine and three additional Adenosine Regulating

- Agents in 2005. PeriCor licensed acadesine to Schering-Plough Corporation (now Merck & Co.) and the compound is in a Phase III clinical trial for the prevention of adverse cardiovascular and cerebrovascular outcomes in patients undergoing coronary artery bypass graft surgery.
- HepDirect Technology - HepDirect technology supplements Ligand's core drug discovery technology platform of ligand-dependent gene expression and ultra-high throughput combinatorial chemistry screening. HepDirect is a prodrug technology that targets delivery of certain drugs to the liver by using a proprietary chemical modification that renders a drug biologically inactive until cleaved by a liver-specific enzyme.
 - Other Product Candidates and R&D Programs - Metabasis has other product candidates, including MB07803 for diabetes and pradefovir for hepatitis B, which have been evaluated in clinical trials and early stage R&D programs including glucokinase activators for diabetes and DGAT-1 inhibitors for obesity.

About Ligand Pharmaceuticals

Ligand discovers and develops new drugs that address critical unmet medical needs of patients with hepatitis, muscle wasting, frailty, hormone-related diseases, osteoporosis, inflammatory diseases, anemia, asthma, rheumatoid arthritis and psoriasis. Ligand's proprietary drug discovery and development programs are based on advanced cell-based assays, gene-expression tools, ultra-high throughput screening and one of the world's largest combinatorial chemical libraries. Ligand has strategic alliances with major pharmaceutical and biotechnology companies, including Roche, Celgene, Cephalon, GlaxoSmithKline, Merck and Pfizer. With more than 30 molecules in various stages of development by its partners, Ligand utilizes proprietary technologies for identifying drugs with novel receptor and enzyme drug targets.

Forward-Looking Statements

This release contains forward-looking statements that involve risks and uncertainties. Ligand and Metabasis caution readers that any forward-looking information is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking information. Words such as "expect," "estimate," "project," "potential," and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, but are not limited to, the expected benefits of Metabasis' assets and other statements that are not historical facts. Among the important factors that could cause actual results to differ materially from those in any forward-looking statements are the risks that Roche may not advance HepDirect compounds including MB11362 successfully; the anticipated synergies and benefits from the transaction may not be fully realized or may take longer to realize than expected; Metabasis product candidates may have unexpected adverse side effects or inadequate therapeutic efficacy; and positive results in clinical trials may not be sufficient to obtain FDA approval. There can be no assurance that any product in Ligand's, Metabasis' or the combined company's product pipeline will be successfully developed or manufactured, that final results of clinical studies will be supportive of regulatory approvals required to market licensed products, or that any of the forward-looking information provided herein will be proven accurate. Additional important factors that may affect future results are detailed in Ligand's and Metabasis' filings with the Securities and Exchange Commission (the "SEC"), including each company's recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which

are released beforehand. Each of Ligand and Metabasis disclaims any intent or obligation to update these forward-looking statements beyond the date of this release.

Source: Ligand Pharmaceuticals