

CHARTER
FOR THE COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS,
LIGAND PHARMACEUTICALS INCORPORATED

Purpose and Specified Duties

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Ligand Pharmaceuticals Incorporated (the “Company”) is charged with the following functions:

1. To establish and review at least annually the Company’s compensation policies applicable to the Company’s Chief Executive Officer, President and other executive officers, including the relationship of the Company’s performance to executive compensation generally, and to the Chief Executive Officer’s and President’s compensation in particular, and the basis for the Chief Executive Officer’s and President’s compensation.
2. To review and approve the level of compensation (including salaries, fees, benefits, incentive plans, and perquisites) of the Chief Executive Officer and President, and the other executive officers of the Company.
3. To review and advise the Board concerning the performance of the Chief Executive Officer and President and those other employees whose compensation is within the review jurisdiction of the Committee.
4. To review and recommend the level of compensation appropriate for Directors of the Company and the chairs of the standing committees of the Board of Directors.
5. To review and advise the Board concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company’s executive compensation programs among comparable companies.
6. To administer the stock compensation plan(s) that may be adopted by the Company from time to time, including the determination of the parties who are to receive grants of stock or stock options and the amount and terms of such grants.
7. To review and advise the Board concerning new benefit plans including bonus, pension and profit sharing plans and substantial amendments to existing bonus or benefit plans for executive officers of the Company.
8. To review and discuss with management the Company’s compensation discussion and analysis to be included in the Company’s annual proxy statement or Annual Report on Form 10-K.

9. To perform such other functions and have such other powers as may be necessary or appropriate to the efficient discharge of the foregoing functions.
10. To report to the Board regarding the foregoing from time to time, or whenever it shall be called upon to do so.
11. To evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.
12. To review and reassess this Charter annually and submit any recommended changes to the Board for its consideration.

Membership & Meetings

The Committee shall consist of at least three (3) Directors, a majority of whom are outside directors of the Company. Except as otherwise permitted by applicable Nasdaq rules, each Committee member shall be an “independent director” as defined by the applicable Nasdaq rules and otherwise meet the applicable criteria for independence set forth in Rule 5605(d)(2) of the Nasdaq rules, be a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act, and be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended. Committee members who are employed by the Company shall not vote on matters concerning their own compensation. The Board shall determine the number of members and shall appoint and remove the members. The Committee may act at regular or special meetings or by unanimous written consent.

Regular meetings of the Committee ordinarily coincide with regular Board meetings, but the Committee shall set the time and place of such meetings as it deems appropriate. Special meetings of the Committee may be called by the Board, the Chairman of the Board, the President or any Committee member(s). Reasonable notice of the time and place of all meetings shall be given to the Committee members in writing by fax, email, regular mail or courier effective upon receipt, but in no event less than 48 hours prior to the meeting. Notice may be waived at the relevant meeting, or at any time in writing. Meetings may be held in person or by telephonic or video conference.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee but may not vote and shall not participate in any discussion or deliberation unless invited to do so by the Committee; provided, that the Chief Executive Officer may not be present during the voting or deliberation on his or her compensation.

The Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and

other outside experts or advisors (“compensation advisers”) that the Committee believes to be necessary or appropriate. The Committee shall be responsible for the appointment, compensation and oversight of the work of any compensation advisers retained by the Committee. Subject to any exceptions under Nasdaq listing standards, prior to selection and engagement of any compensation adviser, the Committee shall undertake an analysis of the independence of each such compensation adviser under the independence factors specified in the applicable requirements of the Exchange Act and the Nasdaq listing standards. The Committee may utilize the services of the Company’s regular legal counsel or other advisers to the Company and is not required to retain compensation advisers who are independent of the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any compensation advisers retained by the Committee.

Reports

The Committee shall maintain a record of its actions. The Committee shall report to the Board of Directors on any matter that the Committee deems necessary or desirable for the Board to carry out its duties. The Committee shall be responsible for the preparation of any reports on executive compensation required by law or requested by the Board.

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