

KNOTT DAVID M  
Form 3  
October 25, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*

KNOTT DAVID M  
(Last) (First) (Middle)

485 UNDERHILL  
BLVD., SUITE 205

(Street)

SYOSSET, NY 11791

(City) (State) (Zip)

2. Date of Event Requiring Statement

(Month/Day/Year)  
10/23/2006

3. Issuer Name and Ticker or Trading Symbol  
LIGAND PHARMACEUTICALS INC [LGND]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer  Other  
(give title below) (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	2,271,000	I	By Knott Partners, L.P. (1) (4)
Common Stock	1,256,700	I	By Shoshone Partners, L.P. (1) (4)
Common Stock	18,400	I	By Mulsanne Partners, L.P. (1) (4)
Common Stock	3,788,400	I	By Matterhorn Offshore Fund Limited (2) (4)
Common Stock	32,400	I	By Ostra Capital Partners VII, L.P. (2) (4)
Common Stock	448,700	I	By Managed Accounts (3) (4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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required to respond unless the form displays a currently valid OMB control number.

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
6% Convertible Subordinated Notes due 2007	11/26/2002	11/16/2007	Common Stock	148,383	\$ 6.1732	I	By Knott Partners, L.P. <sup>(1)</sup> <u>(4)</u>
6% Convertible Subordinated Notes due 2007	11/26/2002	11/16/2007	Common Stock	70,141	\$ 6.1732	I	By Shoshone Partners, L.P. <sup>(1)</sup> <u>(4)</u>
6% Convertible Subordinated Notes due 2007	11/26/2002	11/16/2007	Common Stock	140,931	\$ 6.1732	I	By Matterhorn Offshore Fund Limited <sup>(2)</sup> <u>(4)</u>
6% Convertible Subordinated Notes due 2007	11/26/2002	11/16/2007	Common Stock	259,184	\$ 6.1732	I	By Ostra Capital Partners, L.P. <sup>(2)</sup> <u>(4)</u>
6% Convertible Subordinated Notes due 2007	11/26/2002	11/16/2007	Common Stock	29,318	\$ 6.1732	I	By Managed Accounts <sup>(3)</sup> <u>(4)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KNOTT DAVID M 485 UNDERHILL BLVD. SUITE 205 SYOSSET, NY 11791	Â	Â X	Â	Â

## Signatures

/s/ David M.  
Knott

10/24/2006

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The Reporting Person is the managing member of Knott Partners Management, LLC, which is (i) the sole general partner of Shoshone Partners, L.P. and Mulsanne Partners, L.P. and (ii) the managing general partner of Knott Partners, L.P. The Reporting Person is also a general partner of Knott Partners, L.P.

(1) The Reporting Person is the sole shareholder, director and president of Dorset Management Corporation, which (i) provides investment management services to Matterhorn Offshore Fund Limited and (ii) is the employer of Richard Murawczyk, the managing member of the general partner of Ostra Capital Partners, L.P. and Ostra Capital Partners VII, L.P., with which Dorset Management Corporation has a trading relationship.

(2) The entry represents securities of the issuer held by managed accounts for which Dorset Management Corporation provides investment management services (the "Managed Accounts").

As a result of the Reporting Person's interests in Knott Partners Management, LLC and in Dorset Management Corporation, the Reporting Person has investment discretion and control of the securities represented in this entry. The Reporting Person may be deemed to beneficially own an indirect pecuniary interest in the securities represented in this entry as a result of a performance related fee. Except with respect to Knott Partners, L.P. and Shoshone Partners, L.P., in which the Reporting Person owns a beneficial interest, the Reporting Person disclaims beneficial ownership therein except to the extent ultimately realized. Each of the Knott Partners, L.P., Shoshone Partners, L.P., Mulsanne Partners, L.P., Matterhorn Offshore Fund Limited, Ostra Capital Partners, L.P., Ostra Capital Partners VII, L.P. and the Managed Accounts disclaims beneficial ownership of securities reported as owned by any other party.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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