UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-29889

Rigel Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-3248524**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1180 Veterans Blvd. South San Francisco, CA	**94080**
(Address of principal executive offices)	(Zip Code)

(650) 624-1100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

As of April 28, 2010, there were 51,970,449 shares of the registrant's Common Stock outstanding.

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RIGEL PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

RIGEL PHARMACEUTICALS, INC.
CONDENSED BALANCE SHEETS
(In thousands, except share and per share amounts)

	March 31, 2010 (unaudited)	December 31, 2009 (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 15,389	$ 14,717
Available-for-sale securities	94,160	118,601
Accounts receivable	100,000	—
Prepaid expenses and other current assets	2,745	2,650
Total current assets	212,294	135,968
Property and equipment, net	2,426	2,291
Other assets	2,425	2,485
	$ 217,145	$ 140,744
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 3,701	$ 3,154
Accrued compensation	1,807	6,840
Other accrued liabilities	8,187	6,718
Deferred rent	3,727	—
Deferred revenue	96,739	—
Capital lease obligations	990	1,061
Total current liabilities	115,151	17,773
Long-term portion of capital lease obligations	633	883
Long-term portion of deferred rent	8,424	12,064
Other long-term liabilities	152	157
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of March 31, 2010 and December 31, 2009	—	—
Common stock, $0.001 par value; 100,000,000 shares authorized; 51,969,119 and 51,956,140 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	52	52
Additional paid-in capital	728,402	723,151
Accumulated other comprehensive loss	(12)	(12)
Accumulated deficit	(635,657)	(613,324)
Total stockholders' equity	92,785	109,867
	$ 217,145	$ 140,744

(1) The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date included in Rigel's Annual Report on Form 10-K for the year ended December 31, 2009.

See Accompanying Notes.

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RIGEL PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,

	2010	2009
Contract revenues	$ 3,261	$ —
Costs and expenses:		
Research and development	17,425	24,538
General and administrative	8,186	4,603
Restructuring charges	—	1,141
Total costs and expenses	25,611	30,282
Loss from operations	(22,350)	(30,282)
Interest income	47	347
Interest expense	(30)	(53)
Loss before income taxes	(22,333)	(29,988)
Income tax benefit	—	66
Net loss	$ (22,333)	$ (29,922)
Net loss per share, basic and diluted	$ (0.43)	$ (0.82)
Weighted average shares used in computing net loss per share, basic and diluted	51,964	36,699

See Accompanying Notes.

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RIGEL PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2010	2009
Operating activities		
Net loss	$ (22,333)	$ (29,922)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	305	320
Stock-based compensation expense	5,167	2,266
Changes in assets and liabilities:		
Accounts receivable	(100,000)	—
Prepaid expenses and other current assets	(95)	423
Other assets	60	50
Accounts payable	547	806
Accrued compensation	(5,033)	26
Other accrued liabilities	1,469	(2,629)
Deferred revenue	96,739	—
Deferred rent and other long-term liabilities	82	(402)
Net cash used in operating activities	(23,092)	(29,062)
Investing activities		
Purchases of available-for-sale securities	(12,825)	(27,034)
Maturities and sale of available-for-sale securities	37,266	47,169
Capital expenditures	(440)	(11)
Net cash provided by investing activities	24,001	20,124
Financing activities		
Payments on capital lease obligations	(321)	(436)
Net proceeds from issuances of common stock	84	98
Net cash used in financing activities	(237)	(338)
Net increase (decrease) in cash and cash equivalents	672	(9,276)
Cash and cash equivalents at beginning of period	14,717	46,005
Cash and cash equivalents at end of period	$ 15,389	$ 36,729
Supplemental disclosure of cash flow information		
Interest paid	$ 28	$ 55
Schedule of non cash transactions		
Issuance of warrant with lease amendment	$ —	$ 616

See Accompanying Notes.

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In this report, "Rigel," "we," "us" and "our" refer to Rigel Pharmaceuticals, Inc.

1. Nature of Operations

We were incorporated in the state of Delaware on June 14, 1996. We are engaged in the discovery and development of novel, small-molecule drugs for the treatment of inflammatory/autoimmune diseases, as well as for certain cancers and metabolic diseases.

2. Basis of Presentation

Our accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed financial statements include all normal and recurring adjustments that we believe are necessary to fairly state our financial position and the results of our operations and cash flows. Interim-period results are not necessarily indicative of results of operations or cash flows for a full-year. The balance sheet at December 31, 2009 has been derived from audited financial statements at that date, but does not include all disclosures required by U.S. GAAP for complete financial statements. Because all of the disclosures required by U.S. GAAP for complete financial statements are not included herein, these interim unaudited condensed financial statements and the notes accompanying them should be read in conjunction with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates.

3. Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update, or ASU, No. 2009-13 (formerly Emerging Issues Task Force, or EITF, No. 08-1) on Accounting Standards Codification (ASC) 605 for revenue recognition related to multiple-deliverable revenue arrangements. ASU No. 2009-13 provides amendments to the existing criteria for separating consideration in multiple-deliverable arrangements. The amendments establish a selling price hierarchy for determining the selling price of a deliverable, eliminate the residual method of allocation of arrangement consideration to all deliverables and require the use of the relative selling price method in allocation of arrangement consideration to all deliverables, require the determination of the best estimate of a selling price in a consistent manner, and significantly expand the disclosures related to the multiple-deliverable revenue arrangements. The amendments will be effective in fiscal years beginning on or after June 15, 2010, and early adoption is permitted. We are currently evaluating the impact on our financial statements of adopting these amendments to ASC 605 and cannot estimate the impact of adoption at this time.

4. Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share was computed by dividing the net loss for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share excluded shares of potential common stock, consisting of stock options and warrants, because their effect would have been anti-dilutive.

5. Stock Award Plans

Total stock-based compensation expense related to all of our stock-based awards that we recognized was as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Research and development	$ 3,083	$ 1,425
General and administrative	2,084	719
Restructuring charges	—	122
Total stock-based compensation expense	$ 5,167	$ 2,266

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In February 2009, we announced that we cut our research programs in virology and oncology as well as terminated certain related development and administrative staff, which resulted in the dismissal of 36 employees, or approximately 20% of our workforce. This measure was intended to maintain our emphasis on our active preclinical and clinical programs, while conserving our resources. As part of a package we offered the terminated employees, we extended the date the terminated employees had to exercise their vested options to December 31, 2009 rather than 90 days from the termination date as is typically required under our equity incentive plan. We recorded $122,000 of non-cash stock-based compensation expense related to this modification in the first quarter of 2009.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. We have segregated option awards into three homogenous groups for purposes of determining fair values of options: officers and directors, all other employees, and consultants.

We determined weighted-average valuation assumptions separately for each of these groups as follows:

- Volatility—We estimated volatility using the historical share price performance over the expected life of the option up to the point where we have historical market data. We also considered other factors, such as implied volatility, our current clinical trials and other company activities that may affect the volatility of our stock in the future. We determined that at this time historical volatility is more indicative of our expected future stock performance than implied volatility.

- Expected term—For options granted to consultants, we use the contractual term of the option, which is typically ten years, for the initial valuation of the option and the remaining contractual term of the option for succeeding periods. We worked with various historical data to determine the applicable expected term for each of the other option groups. This data included: (1) for exercised options, the term of the options from option grant date to exercise date; (2) for cancelled options, the term of the options from option grant date to cancellation date, excluding unvested option forfeitures; and (3) for options that remained outstanding at the balance sheet date, the term of the options from option grant date to the end of the reporting period and the estimated remaining term of the options. The consideration and calculation of the above data gave us reasonable estimates of the expected term for each employee group. We also considered the vesting schedules of the options granted and factors surrounding exercise behavior of the option groups, our current market price and company activity that may affect our market price. In addition, we considered the optionee type (i.e., officers and directors or all other employees) and other factors that may affect the expected term of the option.

- Risk-free interest rate—The risk-free interest rate is based on U.S. Treasury constant maturity rates with similar terms to the expected term of the options for each option group.

- Forfeiture rate—We estimated the forfeiture rate using our historical experience with pre-vesting options. We review our forfeiture rates each quarter and make changes as factors affecting our forfeiture rate calculations and assumptions change.

- Dividend yield—The expected dividend yield is 0% as we have not paid and do not expect to pay dividends.

The following table summarizes the weighted-average assumptions relating to options granted pursuant to our equity incentive plans for the three months ended March 31, 2010 and 2009:

	Equity Incentive Plans Three Months Ended March 31,	
	2010	2009
Risk-free interest rate	2.4%	1.8%
Expected term (in years)	5.3	4.4
Dividend yield	0.0%	0.0%
Expected volatility	90.1%	98.4%

Options are priced at the market price of our common stock on the date immediately preceding the date of grant, become exercisable at varying dates and generally expire ten years from the date of grant. We granted options to purchase 1,227,200 shares of common stock during the three months ended March 31, 2010, with a grant-date weighted average fair value of $6.89 per share. We granted options to purchase 1,982,473 shares of common stock during the three months ended March 31, 2009, with a grant-date weighted average fair value of $4.60 per share. As of March 31, 2010, there was approximately $11.9 million of total unrecognized stock-based compensation cost, net of estimated forfeitures, related to unvested options granted under our equity incentive plans. At March 31, 2010, 1,585,341 shares of common stock were available for future grant under our equity incentive plans and options to purchase 12,979 shares were exercised during the three months ended March 31, 2010.

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Employee Stock Purchase Plan (ESPP)

The fair value of awards granted under our ESPP is estimated on the date of grant using the Black-Scholes option pricing model, which uses weighted-average assumptions. Our ESPP provides for a twenty-four month offering period comprised of four six-month purchase periods with a look-back option. A look-back option is a provision in our ESPP under which eligible employees can purchase shares of our common stock at a price per share equal to the lesser of 85% of the fair market value on the first day of the offering period or 85% of the fair market value on the purchase date. Our ESPP also includes a feature that provides for a new offering period to begin when the fair market value of our common stock on any purchase date during an offering period falls below the fair market value of our common stock on the first day of such offering period. This feature is called a "reset." Participants are automatically enrolled in the new offering period. We had a "reset" on January 2, 2009 because the fair market value of our stock on December 31, 2008 was lower than the fair market value of our stock on July 1, 2008, the first day of the offering period. We applied modification accounting in accordance with ASC Topic No. 718, *Stock Compensation*, to determine the incremental fair value associated with this ESPP "reset" and recognized the related stock-based compensation expense according to the FASB ASC Subtopic No. 718-50, *Employee Share Purchase Plan.* The total incremental fair value for this ESPP "reset" was $1,443,848, and is being recognized over the new twenty-four month offering period.

As of March 31, 2010, there were approximately 1,213,893 shares reserved for future issuance under the ESPP. The following table summarizes the weighted-average assumptions related to our ESPP for the three months ended March 31, 2010 and 2009. Expected volatilities for our ESPP are based on the historical volatility of our stock. Expected term represents the weighted average of the purchase periods within the offering period. The risk-free interest rate for periods within the expected term is based on U.S. Treasury constant maturity rates.

	Employee Stock Purchase Plan Three Months Ended March 31,	
	2010	2009
Risk-free interest rate	0.3%	1.1%
Expected term (in years)	0.7	1.3
Dividend yield	0.0%	0.0%
Expected volatility	82.6%	112.0%

6. Revenue Recognition

We present revenue from our collaboration arrangements under FASB ASC 808,*Collaboration Arrangements*. Our revenue arrangements with multiple elements are evaluated under FASB ASC 605-25, *Multiple-Element Arrangements*, and are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of any undelivered items. The consideration we receive is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units. Advance payments received in excess of amounts earned are classified as deferred revenue until earned.

Non-refundable, up-front payments received in connection with research and development collaboration agreements, including technology access fees, are deferred and recognized on a straight-line basis over the relevant periods of continuing involvement, generally the research term. When a research term is not specified, we estimate the time it will take us to complete our deliverables under the contract and recognize the upfront fee using the straight-line method over that time period. We review our estimates every quarter for reasonableness.

Revenues related to collaborative research with our corporate collaborators are recognized as research services are performed over the related development periods for each agreement. Under these agreements, we are required to perform research and development activities as specified in each respective agreement. The payments received are not refundable and are generally based on a contractual cost per full-time equivalent employee working on the project. Our research and development expenses under the collaborative research agreements approximate the revenue recognized under such agreements over the term of the respective agreements. It is our policy to recognize revenue based on our level of effort expended, however, revenue recognized will not exceed amounts billable under the agreement.

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Revenues associated with substantive, at-risk milestones pursuant to collaborative agreements are recognized upon achievement of the milestones.

7. Research and Development Accruals

We have various contracts with third parties related to our research and development activities. Costs that are incurred but not billed to us as of the end of the period are accrued. We make estimates of the amounts incurred in each period based on the information available to us and our knowledge of the nature of the contractual activities generating such costs. Clinical trial contract expenses are accrued based on units of activity reported by third parties. Expenses related to other research and development contracts, such as research contracts, toxicology study contracts and manufacturing contracts are estimated to be incurred generally on a straight-line basis over the duration of the contracts. Raw materials and study materials purchased by third parties are expensed at the time of purchase.

8. Cash, Cash Equivalents and Available-For-Sale Securities

Cash, cash equivalents and available-for-sale securities consisted of the following (in thousands):

	March 31, 2010	December 31, 2009
Checking account	$ 258	$ 158
Money market funds	7,170	8,859
U. S. treasury bills	34,773	44,483
Government-sponsored enterprise securities	39,273	39,167
Corporate bonds and commercial paper	28,075	40,651
	$ 109,549	$ 133,318
Reported as:		
Cash and cash equivalents	$ 15,389	$ 14,717
Available-for-sale securities	94,160	118,601
	$ 109,549	$ 133,318

Cash equivalents and available-for-sale securities include the following securities with unrealized gains and losses (in thousands):

March 31, 2010	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S. treasury bills	$ 34,765	$ 8	$ —	$ 34,773
Government-sponsored enterprise securities	39,282	3	(12)	39,273
Corporate bonds and commercial paper	28,086	4	(15)	28,075
Total	$ 102,133	$ 15	$ (27)	$ 102,121

December 31, 2009	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S. treasury bills	$ 44,489	$ 3	$ (9)	$ 44,483
Government-sponsored enterprise securities	39,184	7	(24)	39,167
Corporate bonds and commercial paper	40,640	12	(1)	40,651
Total	$ 124,313	$ 22	$ (34)	$ 124,301

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As of March 31, 2010, the contractual maturities of our cash equivalents and available-for-sale securities were (in thousands):

	Years to Maturity	
	Within One Year	After One Year Through Five Years
Money market funds	$ 7,170	$ —
U. S. treasury bills	34,773	—
Government-sponsored enterprise securities	39,273	—
Corporate bonds and commercial paper	28,075	—
	$ 109,291	$ —

As of March 31, 2010, our cash equivalents and available-for-sale securities had a weighted average time to maturity of approximately 116 days. We view our available-for-sale portfolio as available for use in current operations. We have the ability to hold all investments as of March 31, 2010 to maturity. At March 31, 2010 and December 31, 2009, we had no investments that had been in a continuous unrealized loss position for more than twelve months. As of March 31, 2010, a total of 17 individual securities were in an unrealized loss position for twelve months or less and the losses were deemed to be temporary.

The following table shows the fair value and gross unrealized losses of our investments in individual securities that are in an unrealized loss position, aggregated by investment category (in thousands):

March 31, 2010	Fair Value	Gross Unrealized Losses
Government-sponsored enterprise securities	$ 19,439	$ (12)
Corporate bonds and commercial paper	7,830	(15)
Total	$ 27,269	$ (27)

9. Fair Value

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price at which an asset could be exchanged or a liability transferred in a transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

Assets and liabilities recorded at fair value in our financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair valued assets we hold that are generally included under this Level 1 are money market securities where fair value is based on publicly quoted prices.

Level 2—Are inputs, other than quoted prices included in Level 1, that are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

The fair valued assets we hold that are generally assessed under Level 2 included government-sponsored enterprise securities, U. S. Treasury bills and corporate bonds and commercial paper where fair value is based on valuation methodologies such as models using observable market inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers and other reference data.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

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Fair Value on a Recurring Basis

Financial assets measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations (in thousands):

	Assets at Fair Value as of March 31, 2010			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 7,170	$ —	$ —	$ 7,170
U. S. treasury bills	—	34,773	—	34,773
Government-sponsored enterprise securities	—	39,273	—	39,273
Corporate bonds and commercial paper	—	28,075	—	28,075
Total	$ 7,170	$ 102,121	$ —	$ 109,291

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 8,859	$ —	$ —	$ 8,859
U. S. treasury bills	—	44,483	—	44,483
Government-sponsored enterprise securities	—	39,167	—	39,167
Corporate bonds and commercial paper	—	40,651	—	40,651
Total	$ 8,859	$ 124,301	$ —	$ 133,160

Fair Value on a Non-Recurring Basis

On March 31, 2009, we issued a new warrant granting our landlord the right to purchase 200,000 shares of common stock, and cancelled an existing warrant to purchase 100,000 shares of common stock, in connection with the amendment of our build-to-suit lease agreement. We used the Black-Scholes option-pricing model and calculated an incremental fair market value of $616,000 related to the new warrant. The new warrant was categorized as level 3 under FASB ASC 820 due to the unobservable inputs we used in the Black Scholes option-pricing model.

The following table summarizes the assumptions used relating to the valuation of the new warrant:

Risk-free interest rate	2.2%
Expected term (in years)	7.0
Dividend yield	0.0%
Expected volatility	99.2%

10. AstraZeneca Collaboration

In February 2010, we entered into an exclusive worldwide license agreement with AstraZeneca AB (AZ) for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. The agreement includes a license of rights to R788, our late-stage investigational product candidate for the treatment of RA and other indications. After a limited transition period, AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors. We are responsible for conducting, at our expense, an on-going open label extension study in R788 during the limited transition period.

The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010 from AZ. We are recognizing the upfront payment ratably over the transition period from the effective date until all deliverables are completed, which we estimate to be September 25, 2010. As of March 31, 2010, $3.3 million of the upfront payment has been recognized as revenue and $96.7 million has been deferred. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net worldwide sales of R788.

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11. Amendment to the Build-to-Suit Lease Agreement

On March 31, 2009, we amended our build-to-suit lease agreement with our landlord, HCP BTC, LLC (formerly known as Slough BTC, LLC), to defer certain rental obligations in the aggregate amount of $6.9 million for a period of up to seventeen months. Under the terms of this amendment, we were obligated to repay the deferred rental amounts, including interest accruing at 12% during the deferral period, based on a timeline that could vary depending upon the occurrence of certain financing or collaborative transactions. We reevaluated the lease amendment under FASB ASC 840 and determined that the amended lease still qualified as an operating lease. In addition,

the amendment to the lease agreement also provided for the cancellation of an existing warrant granting HCP Estates USA Inc. (an affiliate of our landlord) the right to purchase 100,000 shares of common stock and the issuance of a new warrant granting our landlord the right to purchase 200,000 shares of common stock. The exercise price per share of the new warrant is $6.61, which is the average closing price of our common stock for the three business days immediately preceding the execution of the amendment to the lease agreement. The new warrant remains exercisable for 7 years from the date of issuance. We applied modification accounting and calculated an incremental fair market value of the new warrant of $616,000. This amount has been deferred in other assets and is being amortized into rent expense over the remaining term of the lease. On September 22, 2009, we completed an underwritten public offering and received net proceeds of approximately $101.5 million after deducting underwriting discounts and commissions and offering expenses. As a result of this financing, we paid our landlord $3.7 million, or 50% of the deferred rental amounts, plus interest at 12%, in November 2009. In February 2010, we entered into a worldwide license agreement with AZ in which we received an upfront payment of $100.0 million in April 2010. As a result of this additional cash received, we paid our landlord $3.9 million, or 50% of the remaining deferred rental amounts, plus interest at 12%, in April 2010.

12. Contingencies

On February 6, 2009, a purported securities class action lawsuit was commenced in the United States District Court for the Northern District of California, naming as defendants us and certain of our officers, directors and underwriters for our February 2008 stock offering. An additional purported securities class action lawsuit containing similar allegations was subsequently filed in the United States District Court for the Northern District of California on February 20, 2009. By order of the Court dated March 19, 2009, the two lawsuits were consolidated into a single action. On June 9, 2009, the Court issued an order naming the Inter-Local Pension Fund GCC/IBT as lead plaintiff and Coughlin Stoia as lead counsel. The lead plaintiff filed a consolidated complaint on July 24, 2009. We filed a motion to dismiss on September 8, 2009. On December 21, 2009, the Court granted our motion and dismissed the consolidated complaint with leave to amend. Plaintiff filed its consolidated amended complaint on January 27, 2010. The lawsuit alleges violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements made by us related to the results of the Phase 2a clinical trial of our product candidate R788. The plaintiffs seek damages, including rescission or rescissory damages for purchasers in the stock offering, an award of their costs and injunctive and/or equitable relief for purchasers of our common stock during the period between December 13, 2007 and February 9, 2009, including purchasers in the stock offering. We filed a motion to dismiss the consolidated amended complaint on February 16, 2010. Briefing on the motion to dismiss is complete and we are awaiting a ruling on that motion from the Court. It is possible that additional suits will be filed with respect to these same matters and also naming us and/or our officers and directors as defendants. If any such additional suits are filed in the same court, we believe that they would be consolidated into the consolidated action.

This lawsuit and any other related lawsuits are subject to inherent uncertainties and the actual costs to be incurred relating to the lawsuit will depend upon many unknown factors. The outcome of the litigation is necessarily uncertain and we could be forced to expend significant resources in the defense of this suit, and we may not prevail. We are not currently able to estimate the possible cost to us from this matter, and we cannot ascertain how long it may take to resolve this matter. We have not established any reserve for any potential liability relating to this lawsuit. We believe that we have meritorious defenses and intend to defend this lawsuit vigorously.

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Report of Independent Registered Public Accounting Firm

The Board of Directors
Rigel Pharmaceuticals, Inc.

We have reviewed the condensed balance sheet of Rigel Pharmaceuticals, Inc. as of March 31, 2010, and the related condensed statements of operations and cash flows for the three-month periods ended March 31, 2010 and 2009. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of Rigel Pharmaceuticals, Inc. as of December 31, 2009, and the related statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein) and in our report dated March 2, 2010, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2009, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Palo Alto, California
May 4, 2010

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis should be read in conjunction with our financial statements and the accompanying notes included in this report and the audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2009. Operating results for the three months ended March 31, 2010 are not necessarily indicative of results that may occur in future periods.

This Quarterly Report on Form 10-Q contains statements indicating expectations about future performance and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. We usually use words such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," or the negative of these terms or similar expressions to identify these forward-looking statements. These statements appear throughout this Quarterly Report on Form 10-Q and are statements regarding our current expectation, belief or intent, primarily with respect to our operations and related industry developments. Examples of these statements include, but are not limited to, statements regarding the following: our business and scientific strategies; the progress of our product development programs, including clinical testing, and the timing of results thereof; our corporate collaborations and revenues that may be received from our collaborations; our drug discovery technologies; our research and development expenses; protection of our intellectual property; sufficiency of our cash resources; and our operations and legal risks. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including as a result of the risks and uncertainties discussed under the heading "Risk Factors" in Item 1A of Part II of this Quarterly Report on Form 10-Q. Any forward-looking statement speaks only as of

the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

We are a clinical-stage drug development company that discovers and develops novel, small-molecule drugs for the treatment of inflammatory/autoimmune, muscle and metabolic diseases. Our pioneering research focuses on intracellular signaling pathways and related targets that are critical to disease mechanisms. Our productivity has resulted in strategic collaborations with large pharmaceutical partners to develop and market our product candidates. We have product development programs in inflammatory/autoimmune diseases, including R788, an oral Syk inhibitor that is expected to enter Phase 3 clinical trials for rheumatoid arthritis, or RA, in 2010 and R343 in asthma. R788 is our lead product candidate. In February 2010, we entered into an exclusive worldwide license agreement with AstraZeneca AB (AZ) for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. The agreement includes a license of rights to R788, our late-stage investigational product candidate for the treatment of RA and other indications. We completed a comprehensive Phase 2 clinical trial of R788, which is at the most advanced stage of development of the oral Syk inhibitors being evaluated for an RA indication. Inhibiting Syk is thought to block the intracellular signaling of various immune cells implicated in the destruction of bone and cartilage, which is characteristic of RA. After a limited transition period, AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors. The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010 from AZ. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net sales worldwide of R788. We believe that our existing capital resources will be sufficient to support our current and projected funding requirements through at least the next twelve months.

We have not been profitable and have incurred operating losses since we were incorporated in June 1996. We incurred net losses of approximately $22.3 million for the three months ended March 31, 2010, and $111.5 million and $132.3 million for the years ended December 31, 2009 and 2008, respectively. As of March 31, 2010, we had an accumulated deficit of approximately $635.7 million. Until we are able to generate sufficient amounts of product revenues and royalty revenues, we expect to finance future cash needs through collaboration and licensing arrangements or public and/or private equity or debt offerings, as well as through interest income earned on the investment of our cash balances and short-term investments.

Product Development Programs

Our product development portfolio features multiple novel small molecule drug candidates whose specialized mechanisms of action are intended to provide therapeutic benefit for a range of inflammatory/autoimmune diseases, as well as for certain cancers and metabolic diseases.

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Partnered Clinical Programs

R788

In February 2010, we entered into an exclusive worldwide license agreement with AZ for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. The agreement includes a license of rights to fostamatinib disodium, or R788, our late-stage investigational product candidate for the treatment of RA and other indications. We completed a comprehensive Phase 2 clinical trial of R788, which is at the most advanced stage of development of the oral Syk inhibitors being evaluated for an RA indication. Inhibiting Syk is thought to block the intracellular signaling of various immune cells implicated in the destruction of bone and cartilage, which is characteristic of RA. For further discussion on the collaboration, see "AstraZeneca" under "Corporate Collaborations" below.

The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010 from AZ. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net sales worldwide of R788. After a limited transition period, AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors. We are responsible for conducting, at our expense, the on-going open label extension study in R788 during the limited transition period.

Under the agreement, AZ is expected to design a global Phase 3 clinical trial of R788 for the treatment of RA, anticipated to begin in the second half of 2010, with the goal of filing new drug applications with the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMEA) in 2013. Under the terms of the agreement, AZ also received exclusive rights to our portfolio of oral Syk inhibitors, including for indications for R788 other than RA.

Rheumatoid Arthritis

Disease background. RA is a systemic autoimmune inflammatory disease that causes damage to the joints and other organs, affecting approximately 1 in 100 people. It is a major cause of disability and is also associated with reduced life expectancy, especially if it is not adequately treated. Despite current treatment options, many patients still experience significant disease activity, including continued joint destruction leading to pain and disability, so new treatment options are needed.

The current treatment options for RA have significant potential side effects and other shortfalls, including gastrointestinal complications and kidney damage. RA patients receive multiple drugs depending on the extent and aggressiveness of their disease. Most RA patients eventually require some form of disease modifying anti-rheumatic drug (DMARD). This category of drugs includes methotrexate, and/or a variety of intravenously- delivered immunomodulatory agents (tumor necrosis factor, or TNF, inhibitors and co-stimulation inhibitors).

Orally-available Syk inhibitor program. R788 is an orally bio-available Syk inhibitor. It is being developed as a next-generation oral RA therapy in adults who have failed to respond adequately to a traditional DMARD, such as methotrexate, where a TNF biologic add-on treatment would currently be considered. It has a novel mechanism of action for the treatment of RA, inhibiting receptor signaling of immunoglobulin G, or IgG, in various immune cells, including macrophages and B-cells. RA is an autoimmune disease characterized by chronic inflammation that affects multiple tissues, but typically produces its most pronounced symptoms in the joints. We believe the development of R788 may result in a safe oral DMARD that can be used early in the course of the disease, preventing its progression prior to major bone and cartilage destruction.

TASKi2

In July 2009, we announced that R788 produced significant clinical improvement in RA patients in the *TASKi2* Phase 2b clinical trial in which 457 RA patients were treated for up to six months. *TASKi2* was a multi- center, randomized, double blind, placebo controlled, parallel dose clinical trial involving RA patients in the U.S., Latin America and Europe who had failed to respond to methotrexate alone. Patients received either 100 mg of R788 b.i.d. (twice a day), 150 mg q.d. (once a day) or placebo.

Efficacy assessments for each participant were based on the American College of Rheumatology (ACR) criteria, which denotes at least 20% (ACR 20), at least 50% (ACR 50), or at least 70% (ACR 70) improvement, in addition to improvement denoted in the Disease Activity Score (DAS28), from each patient's baseline assessment at the end of the six month treatment period. The groups treated with 100 mg of R788 b.i.d. and 150 mg q.d. reported higher response rates than the placebo group in all aforementioned criteria levels. The efficacy results for the two dosing groups were comparable, although the response rates for the 100 mg b.i.d. group was uniformly greater.

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Consistent with the previous Phase 2a clinical trial *(TASKi1)*, the onset of effect of R788 occurred within one week after the initiation of therapy and was maintained. The most frequent adverse events were expected based on *TASKi1* and appear to be manageable. The most common clinically meaningful drug-related adverse events noted in *TASKi2* were diarrhea and hypertension. Dose reduction options were pre-specified in the trial protocol and, in cases where doses were reduced, patients generally completed the clinical trial with minimal safety issues. The mean increase in blood pressure from baseline at six months, using a last observation carry forward methodology, was less than 0.5 mmHg for the 150 mg q.d. dose group and approximately 1 mmHg for the 100mg b.i.d. dose group. In patients that had a history of high blood pressure, an elevated blood pressure level at screening or baseline, or were on blood pressure medication, approximately 29% and 39% of these patients in the 150 mg q.d. dose and the 100 mg b.i.d. dose groups, respectively, had blood pressure medication adjusted or initiated during the course of the study, compared with 12% of these patients from the placebo group. In patients that did not have a history of high blood pressure, were not on blood pressure medication or did not have an elevated blood pressure level at screening or baseline, approximately 4% and 9% of these patients from the 150 mg q.d. dose and the 100 mg b.i.d. dose groups, respectively, had blood pressure medication initiated during the course of the study, compared with 3% of these patients from the placebo group. For those patients who had their dose of blood pressure medications adjusted or initiated, their blood pressure was successfully reduced and was generally well controlled throughout the remainder of the trial. The blood pressure medications were standard doses of common blood pressure medication such as angiotensin-converting enzyme (ACE) inhibitors or diuretics.

The most common adverse events in the trial overall were related to infections, though these were generally evenly distributed among the placebo and R788 groups.

TASKi3

In July 2009, we also announced results for the *TASKi3* Phase 2b clinical trial involving 219 RA patients who had failed to respond to at least one biologic treatment. In the *TASKi3* clinical trial, patients received either 100 mg of R788 b.i.d. or placebo b.i.d. for up to three months. The group treated with R788 did not report significantly higher ACR 20, ACR 50, ACR 70 and DAS28 response rates than the placebo group at three months, and therefore, the trial failed to meet its efficacy endpoints. The objective components (C-Reactive Protein and Erythrocyte Sedimentation Rate) of these ACR scores did show a statistically significant difference; however, the subjective reported response rate components did not as compared to placebo. Although the ACR scores for the R788 group were within the expected range in this patient population, the reported placebo response rates were considerably higher than seen in any other previous study of RA biologic failure patients and rose unaccountably between week six (at which point the reported response rates between R788 and placebo were significantly different) and month three (when such reported response rates were no longer significantly different).

TASKi3 was the first clinical trial for R788 in which anatomical changes in the patients' wrists and hands were evaluated using Magnetic Resonance Imaging and scored using the RAMRIS (Rheumatoid Arthritis Magnetic Resonance Imaging Scoring) system. Those results showed improvements in the treated group versus the placebo group in the Synovitis and Osteitis scores, while the Erosion scores, known to be the slowest to change, showed no significant effect at three months.

Similar to *TASKi2*, the most common clinically meaningful drug-related adverse events noted in*TASKi3* were diarrhea and hypertension. Dose reduction options were pre-specified in the trial protocol and, in cases where doses were reduced, patients generally completed the clinical trial with minimal safety issues. The mean increase in blood pressure from baseline at three months, using a last observation carry forward methodology, was 3.2 - 3.6 mmHg for the R788 group. In *TASKi3*, patients that had a history of high blood pressure, had an elevated blood pressure level at screening or baseline, or were on blood pressure medication, approximately 26% of these patients had blood pressure medication adjusted or initiated during the course of the study, compared with 14% of these patients from the placebo group. In patients that did not have a history of high blood pressure, were not on blood pressure medication or did not have an elevated blood pressure level at screening or baseline, approximately 5% of these patients had blood pressure medication initiated during the course of the study, compared with 3% of these patients from the placebo group. For those patients who had their dose of blood pressure medications adjusted or initiated, their blood pressure was successfully reduced and was generally well controlled throughout the remainder of the trial. The blood pressure medications were standard doses of common blood pressure medications such as ACE inhibitors or diuretics.

The most common adverse events in the trial overall were related to infections, though these were generally evenly distributed among the placebo and R788 groups.

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QTc Study

In February 2009, we announced favorable results in a QTc study for R788, which was conducted to evaluate the cardiac safety of R788. The double-blind, double-dummy, randomized, positive and placebo controlled parallel study of the effects of R788 on QT/QTc intervals in healthy subjects showed that R788 does not elicit a QT/QTc signal. Under a protocol pre-reviewed by the FDA, a total of 208 healthy volunteers were divided into four dosage groups and were given either placebo, a standard dose of 100 mg b.i.d. of R788, a super dose of 300 mg b.i.d. of R788, or moxifloxacin (known to elevate QT/QTc intervals in normal healthy adults). All participants were dosed for four days and were evaluated for changes from the time-matched baseline QT/QTc intervals using extractions from continuous Holter monitors. There were no significant effects on the QT/QTc intervals of participants in either the 100 mg b.i.d. or the 300 mg b.i.d. R788 dosage groups. As expected, the study found that participants in the moxifloxacin group experienced QT/QTc elevations.

Other Indications

In addition to RA, R788 is currently being administered to patients for other immune indications and oncology. Under our collaboration with AZ, AZ has sole responsibility for all development decisions for all indications under its license except for one of the oncology studies, a solid tumor study announced in June 2009, which is funded, designed and implemented by NCI. Any decisions regarding this study are the responsibility of NCI.

R343—Asthma

Disease background. Allergic asthma is a chronic inflammatory disorder of the airways. Asthma affects the lower respiratory tract and is marked by episodic flare-ups, or attacks, that can be life threatening. In some patients, allergens, such as pollen, trigger the production of immunoglobulin E antibodies, or IgE antibodies, which then bind to mast cells and cause an intracellular signal that results in the release of various chemical mediators. When this process occurs repeatedly over time, it creates persistent inflammation of the airway passages, resulting in the chronic congestion and airway obstruction associated with allergic rhinitis and asthma, respectively.

Inhaled Syk inhibitor program. R343 is a potent Syk inhibitor that blocks IgE receptor signaling. Allergic asthma is a potentially life-threatening chronic inflammatory disorder of the airways which, in some patients, is mediated by allergen-induced IgE antibodies that trigger intracellular signaling in mast cells via IgE receptors. Mast cells play important roles in both early and late phase allergic reactions, and Syk inhibitors could potentially prevent both phases.

In the first quarter of 2005, we announced a collaborative research and license agreement with Pfizer, Inc., or Pfizer, for the development of inhaled products for the treatment of allergic asthma and other respiratory diseases, such as chronic obstructive pulmonary disease. The collaboration was focused on our pre-clinical small molecule compounds which inhibit Syk. The collaboration is now centered on the development of R343. Pfizer has completed the Phase 1a clinical trial of an inhaled formulation of R343, which commenced in December 2007, resulting in a milestone payment of $5.0 million to us. Pfizer initiated a Phase 1b allergen challenge clinical trial in the second quarter of 2009. We expect that Pfizer will initiate a Phase 2 clinical trial in late 2010 or early 2011.

R763—Oncology

We identified R763 as a lead compound in our aurora kinase inhibition program targeting cancer cell proliferation. R763 is a potent, highly-selective, small-molecule inhibitor of aurora kinase. In October 2005, we signed a licensing agreement with Merck Serono S.A., or Merck Serono, that gave Merck Serono an exclusive license to develop and commercialize inhibitors in our aurora kinase program, including R763 (which they referred to as R763/AS703569). In February 2010, Merck Serono informed us that they expect to wind down the various clinical trials and plan to return the program back to us. As a result, our collaboration with Merck Serono is no longer active. Once the program is returned, we plan to evaluate the preclinical and clinical data and make a decision on the program's disposition.

Research/Preclinical Programs

We are conducting proprietary research in three broad disease areas: inflammation/immunology, metabolism and muscle wasting. Within each disease area, our researchers are investigating mechanisms of action as well as screening compounds against potential novel targets and optimizing those leads that appear to have the greatest potential.

We are in the process of selecting lead candidates for two of our more advanced preclinical programs, both of which grew out of significant research in the area of immunology/inflammation. We are currently performing late lead profiling of a few advanced candidates in our oral JAK3 inhibitor program and expect to have one of these ready for clinical studies by the end of 2010. This program is focused on the treatment of transplant rejection, but could also extend to indications including RA and psoriasis. Additionally, we expect to select a compound for preclinical development by the end of 2010 from our protein kinase C, or PKC, theta program initially focusing on multiple sclerosis and graft vs. host disorders.

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In the area of metabolism, we are investigating adiponectin mimetics for the treatment of type 2 diabetes mellitus and other potential indications. Type 2 diabetes is the most common form of diabetes, affecting more than 23 million people in the United States. In this disease, the body either produces low amounts of insulin or does not respond to the insulin it makes. Insulin is a hormone that helps the body regulate metabolism by causing cells to take up glucose from the blood. Adiponectin is a less-well characterized hormone, which has insulin-sensitizing and anti-diabetic properties. We have identified several classes of compounds with adiponectin mimetic activity and are currently performing structure-activity relationship studies, as well as mechanism of action studies on these classes of compounds. We expect to nominate a lead development candidate in 2011.

In the muscle atrophy program, we are focusing on several signaling pathways important for muscle homeostasis. Muscle atrophy, or the loss of muscle mass, is associated with several disease states and excessive loss of muscle in the context of illness can contribute significantly to both morbidity and mortality rates. Many conditions that have associated muscle loss, including cancer, chronic heart failure, chronic kidney disease, mechanical ventilation and aging (sarcopenia) have significant patient populations that may benefit from therapeutics that counter such muscle loss. One of our core programs in this area is focused on myostatin signaling. Myostatin is a cytokine that signals via the type II activin receptors (ACVR2A and ACVR2B) and has been shown to inhibit muscle growth. We are currently performing structure activity relationship studies on several hit molecules from initial ACVR2A/2B screens, and are developing new screens and models for this program. We expect to nominate a lead development candidate in 2011.

Corporate Collaborations

We conduct research and development programs independently and in connection with our corporate collaborators. We currently have the following active collaborations with three major pharmaceutical/biotechnology companies: AstraZeneca AB, relating to R788 for the treatment of RA and other indications, Pfizer, Inc., relating to intrapulmonary asthma and allergy therapeutics and associated with the clinical compound R343, and Daiichi Pharmaceuticals Co., Ltd., relating to oncology. None of these collaborations currently provide us with regular research reimbursement. In all of these collaborations, if certain conditions are met, we are entitled to receive future milestone payments and royalties. We cannot guarantee that these conditions will be met or that research and development efforts will be successful. As a result, we may not receive any further milestone payments or royalties under these agreements.

In February 2010, Merck Serono informed us that they expect to wind down the various clinical trials associated with our aurora kinase inhibitor program licensed to them in October 2005 and plan to return the program back to us. As a result, our collaboration with Merck Serono is no longer active. Once the program is returned, we plan to evaluate the preclinical and clinical data and make a decision on the program's disposition.

AstraZeneca

In February 2010, we entered into an exclusive worldwide license agreement with AZ for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. The agreement includes a license of rights to R788, our late-stage investigational product candidate for the treatment of RA and other indications. After a limited transition period, AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors. We are responsible for conducting, at our expense, the on-going open label extension study in R788 during the limited transition period.

The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010 from AZ. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net sales worldwide of R788. AZ remains obligated to pay us various milestones and royalties in the future if certain conditions are met.

Either party may terminate the agreement if the other party materially breaches the agreement and such breach remains uncured within sixty days from the date of notice, or in the event of insolvency of the other party. We may also terminate the agreement in its entirety if AZ challenges the validity, enforceability or scope of any of our patents licensed to AZ by us under the agreement. AZ may also terminate the agreement either without cause upon one hundred eighty-days' written notice, or in the event of any change of control of Rigel upon thirty days' written notice. If neither party terminates the agreement, then the agreement will remain in effect until the cessation of all commercial sales of all products subject to the agreement, including R788.

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Pfizer

In January 2005, we entered into a research collaboration with Pfizer that has a license component. The collaboration is for the development of inhaled products for the treatment of allergic asthma and other respiratory diseases such as chronic obstructive pulmonary disease. The collaboration was primarily focused on our preclinical small molecule compounds, which inhibit IgE receptor signaling in respiratory tract mast cells by blocking the signaling enzyme Syk kinase. A goal of the collaboration was for Pfizer to nominate a licensed compound to commence advanced preclinical development. Pfizer is responsible for the manufacture of all preclinical and clinical materials for each compound/product and all costs associated with development and commercialization. We did not have any further obligations to Pfizer after the research phase of the collaboration ended in February 2007.

In connection with this collaboration, Pfizer paid us upfront fees of $10.0 million and purchased $5.0 million of our common stock at a premium in 2005. We have earned and will earn milestone payments in connection with certain clinical events, should they occur, as well as royalties from sales of the resulting products upon marketing approval. Under the terms of the collaboration agreement, the aggregate of potential milestone amounts payable to us is $175.0 million and mid-single-digit to low double-digit royalties on sales. In May 2006, we achieved the first milestone upon selection of the licensed compound and received a $5.0 million milestone payment when Pfizer nominated R343 to commence advanced preclinical development in allergic asthma. In December 2007, we received the second milestone payment of $5.0 million when Pfizer initiated a Phase 1 clinical trial on R343. No milestone payments were received in either 2008 or 2009 as no further milestones were achieved. We expect Pfizer to initiate a Phase 2 clinical trial in 2010 as a result of which we will be entitled to receive a milestone payment of $5.0 million. Pfizer remains obligated to pay us various milestones and royalties in the future if certain conditions are achieved.

Pfizer may terminate the collaboration agreement for any reason upon prior written notice to us, or for cause if we materially breach the agreement and such breach remains uncured, or if we become insolvent. We may terminate the collaboration agreement for cause if Pfizer fails to meet certain diligence efforts, materially breaches the agreement and such breach remains uncured, or becomes insolvent. If neither party exercises its option to terminate the collaboration agreement, then the agreement automatically terminates on the later of: 1) the last valid claim to expire covering a licensed product and 2) after a specified period from the launch of a licensed product.

Daiichi

In August 2002, we signed an agreement for a collaboration with Daiichi to pursue research related to a specific target from a novel class of drug targets called ligases that control cancer cell proliferation through protein degradation. Daiichi paid us $0.9 million at the time we entered into the agreement. Under the terms of the collaboration agreement, the aggregate of potential milestone amounts payable to us is $33.9 million and low to mid-single-digit royalties on sales. We have earned to date milestone payments totaling $5.7 million and may earn milestone payments in connection with certain clinical events. The research phase of this three-year collaboration expired in August 2005. In addition, we are entitled to receive royalties on any commercialized products to emerge from the collaboration at low to mid-single-digit royalties on sales. Under the terms of the agreement, we retain the rights to co-develop and co-promote certain products resulting from this collaboration in North America, while Daiichi retains co-development and promotion rights in the remainder of the world. In December 2009, we received a milestone payment of $750,000 for the first designation of a rational design lead compound. Daiichi may become obligated to pay us certain other milestone payments, and we are also entitled to receive royalties on any commercialized products to emerge from the collaboration.

Either party may terminate the collaboration agreement if the other party materially breaches the agreement and such breach remains uncured, or after a specified period from the end of a designated research period if no product is commercialized (unless the parties agree to extend the collaboration). The collaboration agreement can also be terminated by mutual written consent of the parties. If neither party exercises its option to terminate the collaboration agreement, then the agreement automatically terminates on the later of: 1) the expiration of the last patent with a claim that covers the composition of matter of a product (or manufacture or use of a product under certain circumstances) and 2) after a specified period from the initial commercialization of a licensed product.

Research and Development Expenses

Our research and development expenditures include costs related to preclinical and clinical trials, scientific personnel, supplies, equipment, consultants, sponsored research, stock-based compensation, and allocated facility costs.

We do not track fully burdened research and development costs separately for each of our drug candidates. We review our research and development expenses by focusing on three categories: research; development; and other. Our research team is focused on creating a portfolio of product candidates that can be developed into small molecule therapeutics in our own proprietary programs or with potential collaborative partners and utilizes our robust discovery engine to rapidly discover and validate new product candidates in our focused range of therapeutic indications. “Research” expenses relate primarily to personnel expenses, lab supplies, fees to third party research consultants, and compounds. Our development group leads the implementation of our clinical and regulatory strategies and prioritizes disease indications in which our compounds may be studied in clinical trials. “Development” expenses relate primarily to clinical trials, personnel expenses, lab supplies, and fees to third party research consultants. “Other” expenses primarily include allocated stock-based compensation expense relating to personnel in research and development groups and allocated facilities costs.

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In addition to reviewing the three categories of research and development expenses described in the preceding paragraph, we principally consider qualitative factors in making decisions regarding our research and development programs, which include enrollment in clinical trials and the results thereof, the clinical and commercial potential for our drug candidates and competitive dynamics. We also make our research and development decisions in the context of our overall business strategy, which includes the evaluation of potential collaborations for the development of our drug candidates.

The following table presents our total research and development expenses by category.

	Three Months Ended March 31,	
Expense Categories:	**2010**	**2009**
Research	$ 4,427	$ 4,460
Development	5,712	14,574
Other	7,286	5,504
	$ 17,425	$ 24,538

“Other” expenses mainly represent allocated stock-based compensation expenses of approximately $3.1 million and $1.4 million for the three months ended March 31, 2010 and 2009, respectively, and allocated facilities costs of approximately $4.2 million and $4.1 million for the three months ended March 31, 2010 and 2009, respectively. For the period from January 1, 2007 to March 31, 2010, accumulated research and development costs by category are $70.7 million, $133.3 million, and $84.2 million, for research, development, and other, respectively.

For the three months ended March 31, 2010, a major portion of our research and development expenses was associated with our extension trials in RA patients. For the three months ended March 31, 2009, a major portion of our research and development expenses was associated with our two Phase 2b clinical trials (*TASKi2* and *TASKi3*), as well as the related extension trials in RA patients. The expenses for these programs are included in “Development” expenses in the table above.

Regarding a timeline for the next clinical stage related to R788 in RA, we licensed the rights to R788 to AZ in February 2010. Phase 2 clinical trials of R788 in RA were completed in 2009. We expect AZ to initiate a Phase 3 clinical trial in RA in 2010. AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors.

The scope and magnitude of future research and development expenses are difficult to predict given the number of clinical trials that we will need to conduct for any of our potential products, as well as our limited capital resources. Preclinical testing and clinical development are long, expensive and uncertain processes. In general, biopharmaceutical development involves a series of steps, beginning with identification of a potential target and including, among others, proof of concept in animals and Phase 1, 2 and 3 clinical trials in humans. Each of these steps is typically more expensive than the previous step. Success in early stages of development often results in increasing expenditures for a given product candidate. Significant delays in clinical testing could materially impact our product development costs and timing of completion of the clinical trials. We do not know whether planned clinical trials will begin on time, will need to be halted or revamped or will be completed on schedule, or at all. Clinical trials can be delayed for a variety of reasons, including delays in obtaining regulatory approval to commence a trial, delays from scale up, delays in reaching agreement on acceptable clinical trial agreement terms with prospective clinical sites, delays in obtaining institutional review board approval to conduct a trial at a prospective clinical site or delays in recruiting subjects to participate in a study.

We currently do not have reliable estimates of total costs for a particular drug candidate to reach the market. Our potential products are subject to a lengthy and uncertain regulatory process that may involve unanticipated additional clinical trials and may not result in receipt of the necessary regulatory approvals. Failure to receive the necessary regulatory approvals would prevent us from commercializing the product candidates affected. In addition, clinical trials of our potential products may fail to demonstrate safety and efficacy, which could prevent or significantly delay regulatory approval. We do not have a reasonable basis to determine when or if material net cash inflows from the commercialization and sale of our drug candidates will occur. Commercialization of our product candidates depends upon successful completion of extensive preclinical studies and clinical trials to demonstrate their safety and efficacy for humans. We do not know whether we, or any of our current or potential future collaborative partners, will undertake clinical trials of potential products beyond the trials already concluded and the trials currently in process. It will take us, or our current or potential future collaborative partners, several years to complete any such testing, and failure can occur at any stage of testing. Interim results of trials do not necessarily predict final results, and acceptable results in early trials may not be repeated in later trials. Moreover, we or our current or potential future collaborative partners may decide to discontinue development of any project at any time for regulatory, commercial, scientific or other reasons. To date, we have not commercialized any of our drug candidates, and we may never do so.

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For a discussion of the risks and uncertainties associated with the timing and costs of completing the development of the Company's drug candidates, see "Item 1A. Risk Factors," including in particular the following risks:

- "If our corporate collaborations or license agreements are unsuccessful, our research and development efforts could be delayed."
- "If conflicts arise between our collaborators or advisors and us, any of them may act in their self-interest, which may be adverse to our stockholders' interests."
- "We might not be able to commercialize our product candidates successfully if problems arise in the clinical testing and approval process."
- "There is a high risk that drug discovery and development efforts might not successfully generate good product candidates."
- "Our future funding requirements will depend on many uncertain factors."
- "Because we expect to be dependent upon collaborative and license agreements, we might not meet our strategic objectives."
- "Delays in clinical testing could result in increased costs to us."

For further discussion on research and development activities, see "Research and Development Expenses" under "Results of Operations" below.

Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update, or ASU, No. 2009-13 (formerly Emerging Issues Task Force, or EITF, No. 08-1) on Accounting Standards Codification (ASC) Topic No. 605 for revenue recognition related to multiple-deliverable revenue arrangements. ASU No. 2009-13 provides amendments to the existing criteria for separating consideration in multiple-deliverable arrangements. The amendments establish a selling price hierarchy for determining the selling price of a deliverable, eliminate the residual method of allocation of arrangement consideration to all deliverables and require the use of the relative selling price method in the allocation of arrangement consideration to all deliverables, require the determination of the best estimate of a selling price in a consistent manner, and significantly expand the disclosures related to the multiple-deliverable revenue arrangements. The amendments will be effective in fiscal years beginning on or after June 15, 2010, and early adoption is permitted. We are currently evaluating the impact on our financial statements of adopting these amendments to ASC Topic No. 605 and cannot estimate the impact of adoption at this time.

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Critical Accounting Policies and the Use of Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to terms of our research collaborations (i.e. revenue recognition of upfront fees and certain milestone payments), investments, stock-based compensation, impairment issues, the estimated useful life of assets and contingencies, on an on-going basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements:

Revenue Recognition

We present revenue from our collaboration arrangements under FASB ASC, 808, *Collaboration Arrangements*. Our revenue arrangements with multiple elements are evaluated under FASB ASC 605-25, *Multiple-Element Arrangements*, and are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of any undelivered items. The consideration we receive is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units.

Advance payments received in excess of amounts earned are classified as deferred revenue until earned.

Non-refundable, up-front payments received in connection with research and development collaboration agreements, including technology access fees, are deferred and recognized on a straight-line basis over the relevant periods of continuing involvement, generally the research term. When a research term is not specified, we estimate the time it will take us to complete our deliverables under the contract and recognize the upfront fee using the straight-line method over that time period. We review our estimates every quarter for reasonableness.

Revenues related to collaborative research with our corporate collaborators are recognized as research services are performed over the related development periods for each agreement. Under these agreements, we are required to perform research and development activities as specified in each respective agreement. The payments received are not refundable and are generally based on a contractual cost per full-time equivalent employee working on the project. Our research and development expenses under the collaborative research agreements approximate the revenue recognized under such agreements over the term of the respective agreements. It is our policy to recognize revenue based on our level of effort expended, however, revenue recognized will not exceed amounts billable under the agreement.

Revenues associated with substantive, at-risk milestones pursuant to collaborative agreements are recognized upon achievement of the milestones.

Stock-based Compensation

The determination of the fair value of stock-based payment awards on the date of grant using the Black-Scholes option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, volatility, expected term, risk-free interest rate and dividends. We estimate volatility using our historical stock price performance over the expected life of the option up to the point where we have historical market data. For expected term, among other things, we take into consideration our historical data of options exercised, cancelled and expired. The risk-free rate is based on the U.S. Treasury constant maturity rate. We have not paid and do not expect to pay dividends in the foreseeable future. In order to calculate stock-based compensation expense, we also estimate the forfeiture rate using our historical experience with options that cancel before they vest.

Research and Development Accruals

We have various contracts with third parties related to our research and development activities. Costs that are incurred but not billed to us as of the end of the period are accrued. We make estimates of the amounts incurred in each period based on the information available to us and our knowledge of the nature of the contractual activities generating such costs. Clinical trial contract expenses are accrued based on units of activity reported by third parties. Expenses related to other research and development contracts, such as research contracts, toxicology study contracts and manufacturing contracts are estimated to be incurred generally on a straight-line basis over the duration of the contracts. Raw materials and study materials purchased by third parties are expensed at the time of purchase. Many of our estimates are based significantly or in part on information provided by third parties. If such information were not reported properly, our research and development expense amounts could be misstated.

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Results of Operations

Three Months Ended March 31, 2010 and 2009

Revenues

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Contract revenues	$ 3,261	$ —	$ 3,261

Contract revenue from collaborations for the three months ended March 31, 2010 consisted of $3.3 million of amortization of the $100.0 million upfront payment pursuant to our worldwide license agreement with AZ that was effective as of March 26, 2010. There were no revenues reported during the three months ended March 31, 2009. As of March 31, 2010, we had deferred revenue of approximately $96.7 million representing the remaining unamortized amount of the upfront payment from AZ. We expect this deferred amount will be recognized as revenue over the transition period until all deliverables to AZ are completed, which we estimate to be September 25, 2010. Our potential future revenues in 2010 may include certain milestone payments from our current collaboration partners and upfront payments from new collaboration partners we enter into agreements with in the future.

Research and Development Expense

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Research and development expenses	$ 17,425	$ 24,538	$ (7,113)
Stock-based compensation expense included in research and development expenses	3,083	1,425	1,658

The decrease in research and development expense for the three months ended March 31, 2010, compared to the same period in 2009, was primarily due to the completion of our two Phase 2b clinical trials (*TASKi2* and *TASKi3*), partially offset by the increase in stock-based compensation expense as discussed under “Stock-Based Compensation Expense” below.

General and Administrative Expense

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
General and administrative expenses	$ 8,186	$ 4,603	$ 3,583
Stock-based compensation expense included in general and administrative expenses	2,084	719	1,365

The increase in general and administrative expense for the three months ended March 31, 2010, as compared to the same period in 2009, was primarily due to certain one-time investment banking fees associated with the closing of our transaction with AZ and increased stock-based compensation expense as discussed under “Stock-Based Compensation Expense” below.

Restructuring Charges

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Restructuring Charges	$ —	$ 1,141	$ (1,141)
Stock-based compensation expense included in restructuring charges	—	122	(122)

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In February 2009, we announced that we cut our research programs in virology and oncology as well as terminated certain related development and administrative staff, which resulted in the dismissal of 36 employees, or approximately 20% of our workforce. This measure was intended to maintain our emphasis on our active preclinical and clinical programs, while conserving our resources. As a result of the restructuring implemented in the first quarter of 2009, we recorded restructuring charges of $1.1 million, including $1.0 million of workforce reduction costs (which had been paid as of December 31, 2009) and $122,000 of non-cash stock-based compensation expense incurred in connection with the extension of the date the terminated employees had to exercise their vested options. The terminated employees were given until December 31, 2009 to exercise their outstanding vested options rather than 90 days from the termination date as is typically required under our equity incentive plan.

Stock-Based Compensation Expense

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Stock-based compensation expense from:			
Officer, director and employee options	$ 5,136	$ 2,266	$ 2,870
Consultant options	31	—	31
Total	$ 5,167	$ 2,266	$ 2,901

The increase in stock-based compensation expense for the three months ended March 31, 2010, as compared to the same period in 2009, was primarily due to an additional full quarter of stock-based compensation expense amortization in the first quarter of 2010 related to options granted in late March of 2009, which were fully amortized as of the end of the first quarter of 2010, as well as a full quarter of amortization in the first quarter of 2010 related to options granted in early January 2010.

Interest Income

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Interest income	$ 47	$ 347	$ (300)

Interest income results from our interest-bearing cash and investment balances. The decrease in interest income for the three months ended March 31, 2010, as compared to the same period in 2009, was due to lower average cash balances and lower interest rates earned on our investments in the first quarter of 2010.

Interest Expense

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Interest expense	$ 30	$ 53	$ (23)

Interest expense primarily results from our capital lease obligations associated with fixed asset acquisitions. The decrease in interest expense for the three months ended March 31, 2010, as compared to the same period in 2009, was primarily due to the lower average outstanding balance of capital lease obligations in the first quarter of 2010, as compared to the same period in 2009.

Income tax benefit

	Three Months Ended March 31,		
	2010	2009	Aggregate Change
	(in thousands)		
Income tax benefit	$ —	$ 66	$ (66)

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Income tax benefit in 2009 resulted from our federal refundable credit in accordance with the provisions of the American Recovery and Reinvestment Act of 2009.

Liquidity and Capital Resources

Cash Requirements

We have financed our operations from inception primarily through sales of equity securities, contract payments under our collaboration agreements and equipment financing arrangements. We have consumed substantial amounts of capital to date as we continue our research and development activities, including preclinical studies and clinical trials. In February 2010, we entered into an exclusive worldwide license agreement with AZ for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. After a limited transition period, AZ will be responsible for conducting and funding all development, regulatory filings, manufacturing and global commercialization of products containing oral Syk inhibitors. The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010

from AZ. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net sales worldwide of R788.

As of March 31, 2010, we had approximately $109.6 million in cash, cash equivalents and available-for-sale securities, as compared to approximately $133.3 million as of December 31, 2009, a decrease of approximately $23.7 million. The decrease was primarily attributable to operating expenses for the three months ended March 31, 2010. We believe that our existing capital resources will be sufficient to support our current and projected funding requirements through at least the next twelve months. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our product candidates and other research and development activities, including risks and uncertainties that could impact the rate of progress of our development activities, we are unable to estimate with certainty the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials and other research and development activities.

Our operations will require significant additional funding for the foreseeable future. Until we are able to generate sufficient amounts of product revenues and royalty revenues, we expect to finance future cash needs through public and/or private equity offerings, debt financings or collaboration and licensing arrangements, as well as through interest income earned on the investment of our cash balances and short-term investments. To the extent we raise additional capital by issuing equity securities, our stockholders could at that time experience substantial dilution. Any debt financing that we are able to obtain may involve operating covenants that restrict our business. To the extent that we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish some of our rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us.

Our future funding requirements will depend upon many factors, including, but not limited to:

- the progress and success of clinical trials and preclinical activities (including studies and manufacture of materials) of our product candidates conducted by our collaborative partners or licensees or us;
- our ability to meet the milestones identified in our collaborative agreements that trigger payments to us from our collaboration partners;
- the progress of research programs carried out by us;
- any changes in the breadth of our research and development programs;
- the progress of the research and development efforts of our collaborative partners;
- our ability to acquire or license other technologies or compounds that we seek to pursue;
- our ability to manage our growth;
- competing technological and market developments;

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- the costs and timing of obtaining, enforcing and defending our patent and intellectual property rights;
- the costs and timing of regulatory approvals and filings by us and our collaborators; and
- expenses associated with the pending and potential additional related purported securities class action lawsuits, as well as any unforeseen litigation.

Insufficient funds may require us to delay, scale back or eliminate some or all of our research or development programs, to lose rights under existing licenses or to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose or may adversely affect our ability to operate as a going concern. For the three months ended March 31, 2010 and 2009, we maintained an investment portfolio primarily in money market funds, U.S. treasury bills, government-sponsored enterprise securities, and corporate bonds and commercial paper. Cash in excess of immediate requirements is invested with regard to liquidity and capital preservation. Wherever possible, we seek to minimize the potential effects of concentration and degrees of risk.

Cash Flows from Operating, Investing and Financing Activities

	Three Months Ended March 31,	
	2010	2009
Net cash provided by (used in):		
Net cash used in operating activities	$ (23,092)	$ (29,062)
Net cash provided by investing activities	24,001	20,124
Net cash used in financing activities	(237)	(338)
Net increase (decrease) in cash and cash equivalents	$ 672	$ (9,276)

Net cash used in operating activities was approximately $23.1 million for the three months ended March 31, 2010, compared to approximately $29.1 million for the three months ended March 31, 2009. The decrease in net cash used in operating activities was primarily due to the decrease in cash payments related to our research and development programs. The timing of cash requirements may vary from period to period depending on our research and development activities, including our planned preclinical and clinical trials, and future requirements to establish commercial capabilities for any products that we may develop.

Net cash provided by investing activities was approximately $24.0 million for the three months ended March 31, 2010, compared to approximately $20.1 million for the three months ended March 31, 2009. Net cash provided by investing activities in 2010 was primarily due to maturities of available-for-sale securities of approximately $37.3 million, partially offset by purchases of available-for-sale securities of approximately $12.8 million. Net cash provided by investing activities in 2009 was primarily due to maturities of available-for-sale securities of approximately $47.2 million, partially offset by purchases of available-for-sale securities of approximately $27.0 million. Capital expenditures were approximately $440,000 for the three months ended March 31, 2010, compared to approximately $11,000 for the same period in 2009.

Net cash used in financing activities was approximately $237,000 for the three months ended March 31, 2010, compared to approximately $338,000 for the same period in 2009. Net cash used in financing activities in 2010 was primarily due to payments for capital lease financing of approximately $321,000, partially offset by the proceeds from the exercise of outstanding options of approximately $84,000. Net cash used in financing activities in 2009 was primarily due to payments for capital lease financing of approximately $436,000, partially offset by the proceeds from the exercise of outstanding options of approximately $98,000.

Off-Balance Sheet Arrangements

As of March 31, 2010, we had no off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended) that create potential material risks for us and that are not recognized on our balance sheets.

Contractual Obligations

As of March 31, 2010, we had the following contractual commitments:

		Payment Due By Period			
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 years
		(in thousands)			
Capital Lease obligations (1)	**$ 1,699**	$ 1,052	$ 647	$ —	$ —
Facilities lease (2)	**115,104**	16,111	26,289	28,437	44,267
Total	**$ 116,803**	$ 17,163	$ 26,936	$ 28,437	$ 44,267

(1) As of March 31, 2010, we had approximately $1.7 million in capital lease obligations (including the interest portion) associated with our equipment. All existing capital lease agreements as of March 31, 2010 are secured by the equipment financed, bear interest at rates between 4.99% and 10.36% and are due in monthly installments through 2012.

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(2) On March 31, 2009, we amended our build-to-suit lease agreement to defer certain rental obligations in the aggregate amount of $6.9 million, for a period of up to seventeen months. Under the terms of this amendment, we were obligated to repay the deferred amounts, including interest accruing at 12% during the deferral period, based on a timeline that could vary depending upon the occurrence of certain financing or collaborative transactions. In September 2009, we completed an underwritten public offering and received net proceeds of approximately $101.5 million after deducting underwriting discounts and commissions and offering expenses. As a result of the above financing, we paid our landlord $3.7 million, or 50% of the deferred rental amounts, plus interest at 12% in November 2009. In February 2010, we entered into a worldwide license agreement with AZ pursuant to which we received an upfront payment of $100.0 million in April 2010. As a result of this additional cash received, we paid our landlord $3.9 million, or 50% of the remaining deferred rental amounts, plus interest at 12%, in April 2010.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the three months ended March 31, 2010, there were no material changes to our market risk disclosures as set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2009.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Controls. There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our chief executive officer and chief financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were sufficiently effective to provide reasonable assurance that the objectives of our disclosure control system were met.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 6, 2009, a purported securities class action lawsuit was commenced in the United States District Court for the Northern District of California, naming as defendants us and certain of our officers, directors and underwriters for our February 2008 stock offering. An additional purported securities class action lawsuit containing similar allegations was subsequently filed in the United States District Court for the Northern District of California on February 20, 2009. By order of the Court dated March 19, 2009, the two lawsuits were consolidated into a single action. On June 9, 2009, the Court issued an order naming the Inter-Local Pension Fund GCC/IBT as lead plaintiff and Coughlin Stoia as lead counsel. The lead plaintiff filed a consolidated complaint on July 24, 2009. We filed a motion to dismiss on September 8, 2009. On December 21, 2009, the Court granted our motion and dismissed the consolidated complaint with leave to amend. Plaintiff filed its consolidated amended complaint on January 27, 2010. The lawsuit alleges violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements made by us related to the results of the Phase 2a clinical trial of our product candidate R788. The plaintiffs seek damages, including rescission or rescissory damages for purchasers in the stock offering, an award of their costs and injunctive and/or equitable relief for purchasers of our common stock during the period between December 13, 2007 and February 9, 2009, including purchasers in the stock offering. We filed a motion to dismiss the consolidated amended complaint on February 16, 2010. Briefing on the motion to dismiss is complete and we are awaiting a ruling on that motion from the Court. It is possible that additional suits will be filed with respect to these same matters and also naming us and/or our officers and directors as defendants. If any such additional suits are filed in the same court, we believe that they would be consolidated into the consolidated action.

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We believe that we have meritorious defenses and intend to defend the lawsuit vigorously. This lawsuit and any other related lawsuits are subject to inherent uncertainties, and the actual costs to be incurred relating to the lawsuit will depend upon many unknown factors. The outcome of the litigation is necessarily uncertain, and we could be forced to expend significant resources in the defense of this lawsuit, and we may not prevail.

Item 1A. Risk Factors

In evaluating our business, you should carefully consider the following risks, as well as the other information contained in this Quarterly Report on Form 10-Q. These risk factors could cause our actual results to differ materially from those contained in forward-looking statements we have made in this Quarterly Report on Form 10-Q and those we may make from time to time. If any of the following risks actually occurs, our business, financial condition and operating results could be harmed. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business. We have marked with an asterisk (*) those risk factors below that reflect a substantive change from the risk factors included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 2, 2010.

If our corporate collaborations or license agreements are unsuccessful, our research and development efforts could be delayed.*

Our strategy depends upon the formation and sustainability of multiple collaborative arrangements and license agreements with third parties now and in the future. We rely on these arrangements for not only financial resources, but also for expertise we need now and in the future relating to clinical trials, manufacturing, sales and marketing, and for licenses to technology rights. To date, we have entered into several such arrangements with corporate collaborators; however, we do not know if these collaborations or additional third parties with which we collaborate, if any, will dedicate sufficient resources or if any development or commercialization efforts by third parties will be successful. Should a collaborative partner fail to develop or commercialize a compound or product to which it has rights from us for any reason, including corporate restructuring, such failure might delay our ongoing research and development efforts, because we might not receive any future milestone payments, and we would not receive any royalties associated with such compound or product. In addition, the continuation of some of our partnered drug discovery and development programs may be dependent on the periodic renewal of our corporate collaborations.

The research phase of our collaboration with Johnson & Johnson ended in 2003, and the research phases conducted at our facilities under our broad collaboration with Novartis ended in 2004. The research phase of our collaboration agreement with Daiichi ended in 2005. In 2004, we signed a new collaboration agreement with Merck, and the research phase of this collaboration ended in May 2007. In 2005, we signed a new collaboration agreement with Pfizer, and the research phase of this collaboration ended in February 2007. Our collaboration agreement with Merck Serono, which, as of February 2010, is no longer active, did not include a research phase. Our collaboration agreement with AZ, entered into in 2010, also does not include a research phase, although we are responsible for conducting, at our expense, an on-going open label extension study in R788 during the limited transition period. Each of our collaborations could be terminated by the other party at any time, and we may not be able to renew these collaborations on acceptable terms, if at all, or negotiate additional corporate collaborations on acceptable terms, if at all. If these collaborations terminate or are not renewed, any resultant loss of revenues from these collaborations or loss of the resources and expertise of our collaborative partners could adversely affect our business.

Conflicts also might arise with collaborative partners concerning proprietary rights to particular compounds. While our existing collaborative agreements typically provide that we retain milestone payments and royalty rights with respect to drugs developed from certain derivative compounds, any such payments or royalty rights may be at reduced rates, and disputes may arise over the application of derivative payment provisions to such drugs, and we may not be successful in such disputes.

We are also a party to various license agreements that give us rights to use specified technologies in our research and development processes. The agreements pursuant to which we have in-licensed technology permit our licensors to terminate the agreements under certain circumstances. If we are not able to continue to license these and future technologies on commercially reasonable terms, our product development and research may be delayed or otherwise adversely affected.

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If conflicts arise between our collaborators or advisors and us, any of them may act in their self-interest, which may be adverse to our stockholders' interests.

If conflicts arise between us and our corporate collaborators or scientific advisors, the other party may act in its self-interest and not in the interest of our stockholders. Some of our corporate collaborators are conducting multiple product development efforts within each disease area that is the subject of the collaboration with us or may be acquired or merged with a company having a competing program. In some of our collaborations, we have agreed not to conduct, independently or with any third party, any research that is competitive with the research conducted under our collaborations. Our collaborators, however, may develop, either alone or with others, products in related fields that are competitive with the products or potential products that are the subject of these collaborations. Competing products, either developed by our collaborators or to which our collaborators have rights, may result in their withdrawal of support for our product candidates.

If any of our corporate collaborators were to breach or terminate its agreement with us or otherwise fail to conduct the collaborative activities successfully and in a timely manner, the preclinical or clinical development or commercialization of the affected product candidates or research programs could be delayed or terminated. We generally do not control the amount and timing of resources that our corporate collaborators devote to our programs or potential products. We do not know whether current or future collaborative partners, if any, might pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including our competitors, as a means for developing treatments for the diseases targeted by collaborative arrangements with us.

If we are unable to obtain regulatory approval to market products in the United States and foreign jurisdictions, we will not be permitted to commercialize products from our research and development.

We cannot predict whether regulatory clearance will be obtained for any product that we, or our collaborative partners, hope to develop. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Of particular significance to us are the requirements relating to research and development and testing.

Before commencing clinical trials in humans in the United States, we, or our collaborative partners, will need to submit and receive approval from the FDA of an IND. Clinical trials are subject to oversight by institutional review boards and the FDA and:

- must be conducted in conformance with the FDA's good clinical practices and other applicable regulations;
- must meet requirements for institutional review board oversight;
- must meet requirements for informed consent;
- are subject to continuing FDA oversight;
- may require large numbers of test subjects; and
- may be suspended by us, our collaborators or the FDA at any time if it is believed that the subjects participating in these trials are being exposed to unacceptable health risks or if the FDA finds deficiencies in the IND or the conduct of these trials.

While we have stated that we intend to file additional INDs, this is only a statement of intent, and we may not be able to do so because we may not be able to identify potential product candidates. In addition, the FDA may not approve any IND in a timely manner, or at all.

Before receiving FDA approval to market a product, we must demonstrate with substantial clinical evidence that the product is safe and effective in the patient population and the indication that will be treated. Data obtained from preclinical and clinical activities are susceptible to varying interpretations that could delay, limit or

prevent regulatory approvals. In addition, delays or rejections may be encountered based upon additional government regulation from future legislation or administrative action or changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. Failure to comply with applicable FDA or other applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production or injunction, adverse publicity, as well as other regulatory action against our potential products or us. Additionally, we have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approval.

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If regulatory approval of a product is granted, this approval will be limited to those indications or disease states and conditions for which the product is demonstrated through clinical trials to be safe and efficacious. We cannot ensure that any compound developed by us, alone or with others, will prove to be safe and efficacious in clinical trials and will meet all of the applicable regulatory requirements needed to receive marketing approval.

Outside the United States, our ability, or that of our collaborative partners, to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. This foreign regulatory approval process typically includes all of the risks and costs associated with FDA approval described above and may also include additional risks and costs.

We might not be able to commercialize our product candidates successfully if problems arise in the clinical testing and approval process.

Commercialization of our product candidates depends upon successful completion of extensive preclinical studies and clinical trials to demonstrate their safety and efficacy for humans. Preclinical testing and clinical development are long, expensive and uncertain processes.

In connection with clinical trials of our product candidates, we face the risks that:

- the product candidate may not prove to be effective;
- we may discover that a product candidate may cause harmful side effects;
- the results may not replicate the results of earlier, smaller trials;
- we or the FDA or similar foreign regulatory authorities may suspend the trials;
- the results may not be statistically significant;
- patient recruitment may be slower than expected;
- patients may drop out of the trials; and
- regulatory requirements may change.

We do not know whether we, or any of our collaborative partners, will be permitted to undertake clinical trials of potential products beyond the trials already concluded and the trials currently in process. It will take us, or our collaborative partners several years to complete any such testing, and failure can occur at any stage of testing. Interim results of trials do not necessarily predict final results, and acceptable results in early trials may not be repeated in later trials. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials. Moreover, we or our collaborative partners or regulators may decide to discontinue development of any or all of these projects at any time for commercial, scientific or other reasons.

There is a high risk that drug discovery and development efforts might not successfully generate good product candidates.

At the present time, the majority of our operations are in various stages of drug identification and development. We currently have two product compounds in the clinical testing stage: one with indications for RA, ITP, B-cell lymphoma and T-cell lymphoma, as well as for certain solid tumors that is being implemented by the NCI, all of which indications are subject to a collaboration agreement with AZ; and one in Phase 1b testing and intended for allergic asthma, which is subject to a collaboration agreement with Pfizer, Inc., or Pfizer. In our industry, it is statistically unlikely that the limited number of compounds that we have identified as potential product candidates will actually lead to successful product development efforts, and we do not expect any drugs resulting from our research to be commercially available for several years, if at all.

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Our compounds in clinical trials and our future leads for potential drug compounds are subject to the risks and failures inherent in the development of pharmaceutical products. These risks include, but are not limited to, the inherent difficulty in selecting the right drug and drug target and avoiding unwanted side effects, as well as unanticipated problems relating to product development, testing, obtaining regulatory approvals, maintaining regulatory compliance, manufacturing, competition and costs and expenses that may exceed current estimates. For example, in our recently completed two Phase 2b clinical trials for R788 in RA, *TASKi2* and *TASKi3*, the most common clinically meaningful drug-related adverse events noted were diarrhea and hypertension. In both our *TASKi2* and *TASKi3* Phase 2b clinical trials, a meaningfully higher percentage of patients in the R788 treatment groups had blood pressure medication adjusted or initiated during the course of the clinical trials as compared to the placebo group. In larger future clinical trials, we may discover additional side effects and/or higher frequency of side effects than those observed in completed clinical trials. If approved by the FDA, the side effect profile of R788 may also result in a narrowly approved indication for use of the product, especially in light of other drugs currently available to treat RA, dependent on the safety profile of R788 relative to those drugs.

The results of preliminary and mid-stage studies do not necessarily predict clinical or commercial success, and larger later-stage clinical trials may fail to confirm the results observed in the previous studies. Similarly, a clinical trial may show that a product candidate is safe and effective for certain patient populations in a particular indication, but other clinical trials may fail to confirm those results in a subset of that population or in a different patient population, which may limit the potential market for that product candidate. For example, R788 produced significant clinical improvement in RA patients who had failed to respond to methotrexate alone in our *TASKi2* Phase 2b clinical trial, but our *TASKi3* Phase 2b clinical trial failed to meet its efficacy endpoints in RA patients who had failed to respond to at least one biologic treatment. In addition, if we were to repeat either of the *TASKi2* and *TASKi3* Phase 2b clinical trials, any such additional trials may not confirm the results observed in the original trials. If our partner, AZ, is able to initiate a Phase 3 clinical trial evaluating R788 in RA patients, the Phase 3 clinical trial may not show R788 to be safe and effective for the treatment of RA patients. Finally, with respect to our own compounds in development, we have established anticipated timelines with respect to the initiation of clinical studies based on existing knowledge of the compound. However, we cannot provide assurance that we will meet any of these timelines for clinical development.

Because of the uncertainty of whether the accumulated preclinical evidence (pharmacokinetic, pharmacodynamic, safety and/or other factors) or early clinical results will be observed in later clinical trials, we can make no assurances regarding the likely results from our future clinical trials or the impact of those results on our business.

Our success is dependent on intellectual property rights held by us and third parties, and our interest in such rights is complex and uncertain.*

Our success will depend to a large part on our own, our licensees' and our licensors' ability to obtain and defend patents for each party's respective technologies and the compounds and other products, if any, resulting from the application of such technologies. We have over 90 pending patent applications and over 160 issued patents in the United States as well as numerous pending corresponding foreign patent applications. In the future, our patent position might be highly uncertain and involve complex legal and factual questions. For example, we may be involved in interferences before the United States Patent and Trademark Office. Interferences are complex and expensive legal proceedings and there is no assurance we will be successful in any such proceedings. An interference could result in our losing our patent rights and/or our freedom to operate and/or require us to pay significant royalties. Additional uncertainty may result because no consistent policy regarding the breadth of legal claims allowed in biotechnology patents has emerged to date. Accordingly, we cannot predict the breadth of claims allowed in our or other companies' patents.

Because the degree of future protection for our proprietary rights is uncertain, we cannot ensure that:

- we were the first to make the inventions covered by each of our pending patent applications;
- we were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies;
- any of our pending patent applications will result in issued patents;
- any patents issued to us or our collaborators will provide a basis for commercially-viable products or will provide us with any competitive advantages or will not be challenged by third parties;
- we will develop additional proprietary technologies that are patentable; or
- the patents of others will not have a negative effect on our ability to do business.

We rely on trade secrets to protect technology where we believe patent protection is not appropriate or obtainable; however, trade secrets are difficult to protect. While we require employees, collaborators and consultants to enter into confidentiality agreements, we may not be able to adequately protect our trade secrets or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information.

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We are a party to certain in-license agreements that are important to our business, and we generally do not control the prosecution of in-licensed technology. Accordingly, we are unable to exercise the same degree of control over this intellectual property as we exercise over our internally-developed technology. Moreover, some of our academic institution licensors, research collaborators and scientific advisors have rights to publish data and information in which we have rights. If we cannot maintain the confidentiality of our technology and other confidential information in connection with our collaborations, our ability to receive patent protection or protect our proprietary information may otherwise be impaired. In addition, some of the technology we have licensed relies on patented inventions developed using U.S. government resources. The U.S. government retains certain rights, as defined by law, in such patents, and may choose to exercise such rights. Certain of our in-licenses may be terminated if we fail to meet specified obligations. If we fail to meet such obligations and any of our licensors exercise their termination rights, we could lose our rights under those agreements. If we lose any of our rights, it may adversely affect the way we conduct our business. In addition, because certain of our licenses are sublicenses, the actions of our licensors may affect our rights under those licenses.

If a dispute arises regarding the infringement or misappropriation of the proprietary rights of others, such dispute could be costly and result in delays in our research and development activities and partnering.

Our success will depend, in part, on our ability to operate without infringing or misappropriating the proprietary rights of others. There are many issued patents and patent applications filed by third parties relating to products or processes that are similar or identical to our licensors or ours, and others may be filed in the future. There can be no assurance that our activities, or those of our licensors, will not infringe patents owned by others. We believe that there may be significant litigation in the industry regarding patent and other intellectual property rights, and we do not know if our collaborators or we would be successful in any such litigation. Any legal action against our collaborators or us claiming damages or seeking to enjoin commercial activities relating to the affected products, our methods or processes could:

- require our collaborators or us to obtain a license to continue to use, manufacture or market the affected products, methods or processes, which may not be available on commercially reasonable terms, if at all;
- prevent us from using the subject matter claimed in the patents held by others;
- subject us to potential liability for damages;
- consume a substantial portion of our managerial and financial resources; and
- result in litigation or administrative proceedings that may be costly, whether we win or lose.

We will need additional capital in the future to sufficiently fund our operations and research.*

We have consumed substantial amounts of capital to date as we continue our research and development activities, including preclinical studies and clinical trials. In February 2010, we entered into an exclusive worldwide license agreement with AZ for the global development and commercialization of our oral Syk inhibitors for the treatment of human diseases other than those primarily involving respiratory or pulmonary dysfunction. The agreement includes a license of rights to fostamatinib disodium, or R788, our late-stage investigational product candidate for the treatment of RA and other indications. The agreement became effective on March 26, 2010 and, in connection with the effectiveness of the agreement, we received an upfront payment of $100.0 million in April 2010 from AZ. AZ is required to pay us up to an additional $345.0 million if specified development, regulatory and launch milestones are achieved for R788. We will also be eligible to receive up to an additional $800.0 million if specified sales performance milestones are achieved for R788, as well as significant stepped double-digit royalties on net sales worldwide of R788. We believe that our existing capital resources and the anticipated proceeds from our current collaborations will be sufficient to support our current and projected funding requirements through at least the next 12 months. We may need additional funds in the future and the amount of future funds needed will depend largely on the timing and structure of potential future collaborations. Unless and until we are able to generate a sufficient amount of product revenue, we expect to finance future cash needs through public and/or private offerings of equity securities, debt financings or collaboration and licensing arrangements, as well as through interest income earned on the investment of our cash balances and short-term investments. With the exception of milestone and royalty payments that we may receive under our existing collaborations, we do not currently have any commitments for future funding. We do not know whether additional financing will be available when needed, or that, if available, we will obtain financing on reasonable terms.

To the extent we raise additional capital by issuing equity securities, our stockholders could at that time experience substantial dilution. Any debt financing that we

are able to obtain may involve operating covenants that restrict our business. To the extent that we raise additional funds through any new collaboration and licensing arrangements, we may be required to relinquish some rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us.

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Our future funding requirements will depend on many uncertain factors.*

Our future funding requirements will depend upon many factors, including, but not limited to:

- the progress and success of clinical trials and preclinical activities (including studies and manufacture of materials) of our product candidates conducted by our collaborative partners or licensees or us;
- our ability to meet the milestones identified in our collaborative agreements that trigger payments to us from our collaboration partners;
- the progress of research programs carried out by us;
- any changes in the breadth of our research and development programs;
- the progress of the research and development efforts of our collaborative partners;
- our ability to acquire or license other technologies or compounds that we seek to pursue;
- our ability to manage our growth;
- competing technological and market developments;
- the costs and timing of obtaining, enforcing and defending our patent and intellectual property rights;
- the costs and timing of regulatory approvals and filings by us and our collaborators; and
- expenses associated with the pending and potential additional related purported securities class action lawsuits, as well as any unforeseen litigation.

Insufficient funds may require us to delay, scale back or eliminate some or all of our research and development programs, to lose rights under existing licenses or to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose or may adversely affect our ability to operate as a going concern.

Our success as a company is uncertain due to our history of operating losses and the uncertainty of future profitability.*

Due in large part to the significant research and development expenditures required to identify and validate new product candidates and pursue our development efforts, we have not been profitable and have incurred operating losses each year since we were incorporated in June 1996. We incurred net losses of approximately $22.3 million for the three months ended March 31, 2010, and $111.5 million and $132.3 million for the years ended December 31, 2009 and 2008, respectively. Currently, our only potential source of revenues is upfront payments, research and development milestone and royalty payments pursuant to our collaboration arrangements. As of March 31, 2010, we had an accumulated deficit of approximately $635.7 million. The extent of our future losses and the timing of potential profitability are highly uncertain.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses to offset future taxable income. Our existing net operating losses and credits may be subject to limitations arising from previous and future ownership changes under Section 382 of the Internal Revenue Code. To the extent we cannot completely utilize net operating loss carryforwards or tax credits in our financial statements to offset future taxable income, our tax expense may increase in future periods.

Because we expect to be dependent upon collaborative and license agreements, we might not meet our strategic objectives.*

Our ability to generate revenue in the near term depends on the timing of recognition of certain upfront payments, achievement of certain milestone triggering events with our existing collaboration agreements and our ability to enter into additional collaborative agreements with third parties. Our ability to enter into new collaborations and the revenue, if any, that may be recognized under these collaborations is highly uncertain. If we are unable to enter into one or more new collaborations, our business prospects could be harmed, which could have an immediate adverse effect on our ability to continue to develop our compounds and on the trading price of our stock. Our ability to enter into a collaboration may be dependent on many factors, such as the results of our clinical trials, competitive factors and the fit of one of our programs with another company's risk tolerance, including toward regulatory issues, patent portfolio, clinical pipeline, the stage of the available data, particularly if it is early, overall corporate goals and financial position.

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To date, a portion of our revenues have been related to the research or transition phase of each of our collaborative agreements. Such revenues are for specified periods, and the impact of such revenues on our results of operations is partially offset by corresponding research costs. Following the completion of the research or transition phase of each collaborative agreement, additional revenues may come only from milestone payments and royalties, which may not be paid, if at all, until certain conditions are met. This risk is heightened due to the fact that unsuccessful research efforts may preclude us from receiving any milestone payments under these agreements. Our receipt of revenues from collaborative arrangements is also significantly affected by the timing of efforts expended by us and our collaborators and the timing of lead compound identification. We have received milestone payments from our collaborations with Janssen Pharmaceutica N.V., a division of Johnson & Johnson, Novartis Pharma AG, or Novartis, Daiichi Pharmaceuticals Co., Ltd., or Daiichi, Merck & Co., Inc., or Merck, Merck Serono and Pfizer. We received an upfront payment of $100.0 million in April 2010 from AZ. Under many agreements, however, milestone payments may not be earned until the collaborator has advanced product candidates into clinical testing, which may never occur or may not occur until some time well into the future. If we are not able to generate revenue under our collaborations when and in accordance with our expectations or the expectations of industry analysts, this failure could harm our business and have an immediate adverse effect on the trading price of our common stock.

Our business requires us to generate meaningful revenue from royalties and licensing agreements. To date, we have not received any revenue from royalties for the commercial sale of drugs, and we do not know when we will receive any such revenue, if at all.

Delays in clinical testing could result in increased costs to us.

Significant delays in clinical testing could materially impact our product development costs and timing. We do not know whether planned clinical trials will begin on time, will need to be halted or redesigned or will be completed on schedule, or at all. In addition, clinical trials can be delayed for a variety of reasons, including delays in obtaining regulatory approval to commence a study, delays from scaling up of a study, delays in reaching agreement on acceptable clinical study agreement terms with prospective clinical sites, delays in obtaining institutional review board approval to conduct a study at a prospective clinical site or delays in recruiting subjects to participate in a study.

In addition, we typically rely on third-party clinical investigators to conduct our clinical trials and other third-party organizations to oversee the operations of such trials and to perform data collection and analysis. The clinical investigators are not our employees, and we cannot control the amount or timing of resources that they devote to our programs. Failure of the third- party organizations to meet their obligations could adversely affect clinical development of our products. As a result, we may face additional delaying factors outside our control if these parties do not perform their obligations in a timely fashion. While we have not yet experienced delays that have materially impacted our clinical trials or product development costs, delays of this sort could occur for the reasons identified above or other reasons. If we have delays in testing or obtaining regulatory approvals, our product development costs will increase. For example, we may need to make additional payments to third-party investigators and organizations to retain their services or we may need to pay recruitment incentives. If the delays are significant, our financial results and the commercial prospects for our product candidates will be harmed, and our ability to become profitable will be delayed. Moreover, these third-party investigators and organizations may also have relationships with other commercial entities, some of which may compete with us. If these third-party investigators and organizations assist our competitors at our expense, it could harm our competitive position.

We have been named a defendant in a purported securities class action lawsuit. This, and potential similar or related litigation, could result in substantial damages and may divert management's time and attention from our business.*

On February 6, 2009, a purported securities class action lawsuit was commenced in the United States District Court for the Northern District of California, naming as defendants us, certain of our officers and directors, and the underwriters for our February 2008 stock offering. An additional purported securities class action lawsuit containing similar allegations was subsequently filed in the United States District Court for the Northern District of California on February 20, 2009. By order of the Court dated March 19, 2009, the two lawsuits were consolidated into a single action. On June 9, 2009, the Court issued an order naming the Inter-Local Pension Fund GCC/IBT as lead plaintiff. The lead plaintiff filed a consolidated complaint on July 24, 2009. We filed a motion to dismiss on September 8, 2009. On December 21, 2009, the Court granted our motion and dismissed the consolidated complaint with leave to amend. Plaintiff filed its consolidated amended complaint on January 27, 2010. The lawsuit alleges violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements made by us related to the results of the Phase 2a clinical trial of our product candidate R788. The plaintiff seeks damages, including rescission or rescissory damages for purchasers in the stock offering, an award of their costs and injunctive and/or equitable relief for purchasers of our common stock during the period between December 13, 2007 and February 3, 2009, including purchasers in the February 2008 stock offering. We filed a motion to dismiss the consolidated amended complaint on February 16, 2010. Briefing on the motion to dismiss is complete and we are awaiting a ruling on that motion from the Court. It is possible that additional suits will be filed with respect to these same matters and also naming us and/or our officers and directors as defendants. If any such additional suits are filed in the same court, we believe that they would be consolidated into the consolidated action.

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We believe that we have meritorious defenses and intend to defend the lawsuit vigorously. This lawsuit and any other related lawsuits are subject to inherent uncertainties, and the actual costs to be incurred relating to the lawsuit will depend upon many unknown factors. The outcome of the litigation is necessarily uncertain, and we could be forced to expend significant resources in the defense of this suit, and we may not prevail. Monitoring and defending against legal actions is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. In addition, we may incur substantial legal fees and costs in connection with the litigation. We are not currently able to estimate the possible cost to us from this matter, and we cannot be certain how long it may take to resolve this matter or the possible amount of any damages that we may be required to pay. We have not established any reserves for any potential liability relating to this lawsuit. It is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages. A decision adverse to our interests on this action could result in the payment of substantial damages, or possibly fines, and could have a material adverse effect on our cash flow, results of operations and financial position. In addition, the uncertainty of the currently pending litigation could lead to increased volatility in our stock price.

We lack the capability to manufacture compounds for development and rely on third parties to manufacture our product candidates, and we may be unable to obtain required material in a timely manner, at an acceptable cost or at a quality level required to receive regulatory approval.

We currently do not have the manufacturing capabilities or experience necessary to produce our product candidates for clinical testing. For each clinical trial of our unpartnered product candidates, we rely on a sole manufacturer for the active pharmaceutical ingredients, as well as various manufacturers to manufacture starting components, excipients and formulated drug products. We rely on manufacturers to produce and deliver all of the materials required for our clinical trials, and many of our preclinical efforts, on a timely basis and to comply with applicable regulatory requirements, including the FDA's current Good Manufacturing Practices, or cGMP. In addition, we rely on our suppliers to deliver sufficient quantities of materials produced under cGMP conditions to enable us to conduct planned preclinical studies and clinical trials.

Our current and anticipated future dependence upon these third-party manufacturers may adversely affect our ability to develop and commercialize product candidates on a timely and competitive basis. These manufacturers may not be able to produce material on a timely basis or manufacture material at the quality level or in the quantity required to meet our development timelines and applicable regulatory requirements and may also experience a shortage in qualified personnel. We may not be able to maintain or renew our existing third- party manufacturing arrangements, or enter into new arrangements, on acceptable terms, or at all. Our third-party manufacturers could terminate or decline to renew our manufacturing arrangements based on their own business priorities, at a time that is costly or inconvenient for us. If we are unable to contract for the production of materials in sufficient quantity and of sufficient quality on acceptable terms, our planned clinical trials may be significantly delayed. Manufacturing delays could postpone the filing of our investigational new drug, or IND, applications and/or the initiation of clinical trials that we have currently planned.

Drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the Drug Enforcement Administration, and other federal and state agencies to ensure strict compliance with cGMP and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards and they may not be able to comply. Switching manufacturers may be difficult because the number of potential manufacturers is limited. It may be difficult or impossible for us to find a replacement manufacturer quickly on acceptable terms, or at all. Additionally, if we are required to enter into new supply arrangements, we may not be able to obtain approval from the FDA of any alternate supplier in a timely manner, or at all, which could delay or prevent the clinical development and commercialization of any related product candidates. Failure of our third- party manufacturers or us to comply with applicable regulations could result in sanctions being imposed on us, including fines, civil penalties, delays in or failure to grant marketing approval of our product candidates, injunctions, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products and compounds, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business.

If our competitors develop technologies that are more effective than ours, our commercial opportunity will be reduced or eliminated.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Many of the drugs that we are attempting to discover will be competing with existing therapies. In addition, a number of companies are pursuing the development of pharmaceuticals that target the same diseases and conditions that we are targeting. We face, and will continue to face, intense competition from pharmaceutical and biotechnology companies, as well as from academic and research institutions and government agencies, both in the United States and abroad. Some of these competitors are pursuing the development of pharmaceuticals that target the same diseases and conditions as our research programs. Our major competitors include fully integrated pharmaceutical companies that have extensive drug discovery efforts and are developing novel small molecule pharmaceuticals. We also face significant competition from organizations that are pursuing the same

or similar technologies, including the discovery of targets that are useful in compound screening, as the technologies used by us in our drug discovery efforts.

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Competition may also arise from:

- new or better methods of target identification or validation;
- other drug development technologies and methods of preventing or reducing the incidence of disease;
- new small molecules; or
- other classes of therapeutic agents.

Our competitors or their collaborative partners may utilize discovery technologies and techniques or partner with collaborators in order to develop products more rapidly or successfully than we or our collaborators are able to do. Many of our competitors, particularly large pharmaceutical companies, have substantially greater financial, technical and human resources and larger research and development staffs than we do. In addition, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products or technologies and may establish exclusive collaborative or licensing relationships with our competitors.

We believe that our ability to compete is dependent, in part, upon our ability to create, maintain and license scientifically-advanced technology and upon our and our collaborators' ability to develop and commercialize pharmaceutical products based on this technology, as well as our ability to attract and retain qualified personnel, obtain patent protection or otherwise develop proprietary technology or processes and secure sufficient capital resources for the expected substantial time period between technological conception and commercial sales of products based upon our technology. The failure by any of our collaborators or us in any of those areas may prevent the successful commercialization of our potential drug targets.

Many of our competitors, either alone or together with their collaborative partners, have significantly greater experience than we do in:

- identifying and validating targets;
- screening compounds against targets; and
- undertaking preclinical testing and clinical trials.

Accordingly, our competitors may succeed in obtaining patent protection, identifying or validating new targets or discovering new drug compounds before we do.

Our competitors might develop technologies and drugs that are more effective or less costly than any that are being developed by us or that would render our technology and product candidates obsolete and noncompetitive. In addition, our competitors may succeed in obtaining the approval of the FDA or other regulatory agencies for product candidates more rapidly. Companies that complete clinical trials, obtain required regulatory agency approvals and commence commercial sale of their drugs before their competitors may achieve a significant competitive advantage, including certain patent and FDA marketing exclusivity rights that would delay or prevent our ability to market certain products. Any drugs resulting from our research and development efforts, or from our joint efforts with our existing or future collaborative partners, might not be able to compete successfully with competitors' existing or future products or obtain regulatory approval in the United States or elsewhere.

We face and will continue to face intense competition from other companies for collaborative arrangements with pharmaceutical and biotechnology companies, for establishing relationships with academic and research institutions and for licenses to additional technologies. These competitors, either alone or with their collaborative partners, may succeed in developing technologies or products that are more effective than ours.

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Our ability to generate revenues will be diminished if our collaborative partners fail to obtain acceptable prices or an adequate level of reimbursement for products from third-party payors or government agencies.

The drugs we hope to develop may be rejected by the marketplace due to many factors, including cost. Our ability to commercially exploit a drug may be limited due to the continuing efforts of government and third-party payors to contain or reduce the costs of health care through various means. For example, in some foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government control. In the United States, we expect that there will continue to be a number of federal and state proposals to implement similar government control. In addition, increasing emphasis on managed care in the United States will likely continue to put pressure on the pricing of pharmaceutical products. Cost control initiatives could decrease the price that any of our collaborators would receive for any products in the future. Further, cost control initiatives could adversely affect our collaborators' ability to commercialize our products and our ability to realize royalties from this commercialization.

Our ability to commercialize pharmaceutical products with collaborators may depend, in part, on the extent to which reimbursement for the products will be available from:

- government and health administration authorities;
- private health insurers; and
- other third-party payors.

Significant uncertainty exists as to the reimbursement status of newly- approved healthcare products. Third-party payors, including Medicare, are challenging the prices charged for medical products and services. Government and other third-party payors increasingly are attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. Third- party insurance coverage may not be available to patients for any products we discover and develop, alone or with collaborators. If government and other third-party payors do not provide adequate coverage and reimbursement levels for our products, the market acceptance of these products may be reduced.

If product liability lawsuits are successfully brought against us, we may incur substantial liabilities and may be required to limit commercialization of our products.

The testing and marketing of medical products entail an inherent risk of product liability. If we cannot successfully defend ourselves against product liability claims,

we may incur substantial liabilities or be required to limit commercialization of our products. We carry product liability insurance that is limited in scope and amount and may not be adequate to fully protect us against product liability claims. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with corporate collaborators. We, or our corporate collaborators, might not be able to obtain insurance at a reasonable cost, if at all. While under various circumstances we are entitled to be indemnified against losses by our corporate collaborators, indemnification may not be available or adequate should any claim arise.

Our research and development efforts will be seriously jeopardized, if we are unable to attract and retain key employees and relationships.

As a small company, our success depends on the continued contributions of our principal management and scientific personnel and on our ability to develop and maintain important relationships with leading academic institutions, scientists and companies in the face of intense competition for such personnel. In particular, our research programs depend on our ability to attract and retain highly skilled chemists, other scientists, and development, regulatory and clinical personnel. If we lose the services of any of our key personnel, our research and development efforts could be seriously and adversely affected. Our employees can terminate their employment with us at any time.

We depend on various scientific consultants and advisors for the success and continuation of our research and development efforts.

We work extensively with various scientific consultants and advisors. The potential success of our drug discovery and development programs depends, in part, on continued collaborations with certain of these consultants and advisors. We, and various members of our management and research staff, rely on certain of these consultants and advisors for expertise in our research, regulatory and clinical efforts. Our scientific advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. We do not know if we will be able to maintain such consulting agreements or that such scientific advisors will not enter into consulting arrangements, exclusive or otherwise, with competing pharmaceutical or biotechnology companies, any of which would have a detrimental impact on our research objectives and could have a material adverse effect on our business, financial condition and results of operations.

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If we use biological and hazardous materials in a manner that causes injury or violates laws, we may be liable for damages.

Our research and development activities involve the controlled use of potentially harmful biological materials as well as hazardous materials, chemicals and various radioactive compounds. We cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for damages that result, and such liability could exceed our resources. We are also subject to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. The cost of compliance with, or any potential violation of, these laws and regulations could be significant.

Our facilities are located near known earthquake fault zones, and the occurrence of an earthquake or other catastrophic disaster could cause damage to our facilities and equipment, which could require us to cease or curtail operations.

Our facilities are located in the San Francisco Bay Area near known earthquake fault zones and are vulnerable to significant damage from earthquakes. We are also vulnerable to damage from other types of disasters, including fires, floods, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously, or potentially completely, impaired, and our research could be lost or destroyed. In addition, the unique nature of our research activities and of much of our equipment could make it difficult for us to recover from a disaster. The insurance we maintain may not be adequate to cover our losses resulting from disasters or other business interruptions.

Future interest income and value of our investments may be impacted by further declines in interest rates and the broader effects of the recent turmoil in the global credit markets.

Recently, the credit markets and the financial services industry have been experiencing a period of unprecedented turmoil and upheaval. As a result of this turmoil, the interest paid on certain of our investments may decrease and the value of certain securities we hold may decline in the future, which could negatively affect our financial condition, cash flows and reported earnings.

Our stock price may be volatile, and our stockholders' investment in our stock could decline in value.

The market prices for our common stock and the securities of other biotechnology companies have been highly volatile and may continue to be highly volatile in the future. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our common stock:

- the progress and success of clinical trials and preclinical activities (including studies and manufacture of materials) of our product candidates conducted by us or our collaborative partners or licensees;
- the receipt or failure to receive the additional funding necessary to conduct our business;
- selling by large stockholders;
- presentations of detailed clinical trial data at medical and scientific conferences and investor perception thereof;
- announcements of technological innovations or new commercial products by our competitors or us;
- developments concerning proprietary rights, including patents;
- developments concerning our collaborations;
- publicity regarding actual or potential medical results relating to products under development by our competitors or us;
- regulatory developments in the United States and foreign countries;
- litigation;
- economic and other external factors or other disaster or crisis; and
- period-to-period fluctuations in financial results.

Future equity issuances or a sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Because we may need to raise additional capital in the future to continue to expand our business and our research and development activities, among other things, we may conduct additional equity offerings. If we or our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of options and warrants) in the public market, the market price of our common stock could fall. A decline in the market price of our common stock could make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Anti-takeover provisions in our charter documents and under Delaware law may make an acquisition of us, which may be beneficial to our stockholders, more difficult.

Provisions of our amended and restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders. These provisions:

- establish that members of the board of directors may be removed only for cause upon the affirmative vote of stockholders owning a majority of our capital stock;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- limit who may call a special meeting of stockholders;
- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings;
- provide for a board of directors with staggered terms; and
- provide that the authorized number of directors may be changed only by a resolution of our board of directors.

In addition, Section 203 of the Delaware General Corporation Law, which imposes certain restrictions relating to transactions with major stockholders, may discourage, delay or prevent a third party from acquiring us.

Item 6. Exhibits

The exhibits listed on the accompanying index to exhibits are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation. (1)
3.2	Amended and Restated Bylaws. (2)
4.1	Form of warrant to purchase shares of common stock. (3)
4.2	Specimen Common Stock Certificate. (4)
4.3	Warrant issued to HCP BTC, LLC for the purchase of shares of common stock. (5)
10.22*	2000 Non-Employee Directors' Stock Option Plan, as amended.
10.25*	2000 Employee Stock Purchase Plan, as amended.
10.29+	License and Collaboration Agreement between the Company and AstraZeneca AB, dated February 15, 2010.
15.1	Letter regarding unaudited interim financial information.
31.1	Certification required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).

(1) Filed as an exhibit to Rigel's Current Report on Form 8-K filed on June 24, 2003 and incorporated herein by reference.

(2) Filed as an exhibit to Rigel's Current Report on Form 8-K filed on February 2, 2007 and incorporated herein by reference.

(3) Filed as an exhibit to Rigel's Registration Statement on Form S-1 (No. 333-45864), as amended, and incorporated herein by reference.

(4) Filed as an exhibit to Rigel's Current Report on Form 8-K (No. 000-29889) filed on June 24, 2003, and incorporated herein by reference.

(5) Filed as an exhibit to Rigel's Quarterly Report on Form 10-Q (No. 000-29889) filed on May 5, 2009, and incorporated herein by reference.

* Represents a management contract or compensatory plan or arrangement.

\+ Confidential treatment will be requested as to specific portions, which portions are omitted and will be filed separately with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RIGEL PHARMACEUTICALS, INC.

By: /s/ JAMES M. GOWER
James M. Gower
Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2010

By: /s/ RYAN D. MAYNARD
Ryan D. Maynard
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 4, 2010

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RIGEL PHARMACEUTICALS, INC.

2000 NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN

ADOPTED AUGUST 18, 2000
APPROVED BY STOCKHOLDERS SEPTEMBER 11, 2000
EFFECTIVE DATE: DECEMBER 4, 2000
AMENDED AND RESTATED APRIL 24, 2003
AMENDED AND RESTATED JUNE 20, 2003
APPROVED BY STOCKHOLDERS JUNE 20, 2003
AMENDED AND RESTATED APRIL 22, 2005
APPROVED BY STOCKHOLDERS JUNE 2, 2005
AMENDED AND RESTATED JANUARY 31, 2007
APPROVED BY STOCKHOLDERS MAY 31, 2007
AMENDED AND RESTATED SEPTEMBER 18, 2007
AMENDED AND RESTATED FEBRUARY 21, 2008
APPROVED BY STOCKHOLDERS MAY 29, 2008
AMENDED AND RESTATED MAY 19, 2009
AMENDED AND RESTATED JANUARY 28, 2010

1. PURPOSES.

(a) **Eligible Option Recipients**. The persons eligible to receive Options are the Non-Employee Directors of the Company.

(b) **Available Options**. The purpose of the Plan is to provide a means by which Non-Employee Directors may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Nonstatutory Stock Options.

(c) **General Purpose**. The Company, by means of the Plan, seeks to retain the services of its Non-Employee Directors, to secure and retain the services of new Non-Employee Directors and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

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2. DEFINITIONS.

(a) **"*Affiliate*"** means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) **"*Annual Grant"*** means an Option granted annually to all Non-Employee Directors who meet the criteria specified in subsection 6(b) of the Plan.

(c) **"*Annual Meeting"*** means the annual meeting of the stockholders of the Company.

(d) "***Board***" means the Board of Directors of the Company.

(e) A ***"Change in Control,"*** with respect to Options granted on or after the effective date of the Plan, will be deemed to have occurred upon the first to occur of an event set forth in any one of the following paragraphs:

(i) the acquisition (other than from the Company, by any person (as such term is defined in Section 13(c) or 14(d) of the Exchange Act of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the combined voting power of the Company's then outstanding voting securities;

(ii) the individuals who, as of the effective date of the Plan, are members of the Board (the ***"Incumbent Board"***), cease for any reason to constitute at least a majority of the Board, unless the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, and such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(iii) the closing of:

(1) a merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation, do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the

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combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(2) a complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

For the avoidance of doubt, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

Notwithstanding the foregoing or any other provision of this Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Optionholder shall supersede the foregoing definition with respect to Options subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(f) **"*Code*"** means the Internal Revenue Code of 1986, as amended.

(g) **"*Common Stock*"** means the common stock of the Company.

(h) **"*Company*"** means Rigel Pharmaceuticals, Inc., a Delaware corporation.

(i) **"*Consultant*"** means any person, including an advisor, (i) engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services or (ii) who is a member of the Board of Directors of an Affiliate. However, the term "Consultant" shall not include either Directors of the Company who are not compensated by the Company for their services as Directors or Directors of the Company who are merely paid a director's fee by the Company for their services as Directors.

(j) **"*Continuous Service*"** means that the Optionholder's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated.

The Optionholder's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionholder renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Optionholder renders such service, provided that there is no interruption or termination of the Optionholder's service. For example, a change in status without interruption from a Non-Employee Director of the Company to a Consultant of an Affiliate or an Employee of the Company will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

(k) **"*Director*"** means a member of the Board of Directors of the Company.

(l) **"*Disability*"** means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

(m) **"*Employee*"** means any person employed by the Company or an Affiliate. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

(n) **"*Exchange Act*"** means the Securities Exchange Act of 1934, as amended.

(o) **"*Fair Market Value*"** means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

(p) **"*Initial Grant*"** means an Option granted to a Non-Employee Director who meets the criteria specified in subsection 6(a) of the Plan.

(q) **"*IPO Date*"** means the effective date of the initial public offering of the Common Stock.

(r) **"*Non-Employee Director*"** means a Director who is not an Employee.

(s) **"*Nonstatutory Stock Option*"** means an Option not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) **"*Officer*"** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(u) **"*Option*"** means a Nonstatutory Stock Option granted pursuant to the Plan.

(v) **"*Option Agreement*"** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(w) **"*Optionholder*"** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(x) **"*Plan*"** means this Rigel Pharmaceuticals, Inc. 2000 Non-Employee Directors' Stock Option Plan.

(y) **"*Rule 16b-3*"** means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(z) **"*Securities Act*"** means the Securities Act of 1933, as amended.

3. ADMINISTRATION.

(a) **Administration by Board**. The Board shall administer the Plan. The Board may not delegate administration of the Plan to a committee.

(b) **Powers of Board**. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine the provisions of each Option to the extent not specified in the Plan.

(ii) To construe and interpret the Plan and Options granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Option Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or an Option as provided in Section 12.

(iv) To terminate or suspend the Plan as provided in Section 13.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company that are not in conflict with the provisions of the Plan.

(c) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

(d) Cancellation and Re-Grant of Options. Notwithstanding anything to the contrary in the Plan, neither the Board nor any Committee shall have the authority to: (i) reprice any outstanding Option under the Plan, (ii) cancel and re-grant any outstanding Option under the Plan, or (iii) effect any other action that is treated as a repricing under generally accepted accounting principles unless, in each case, the stockholders of the Company have approved such an action within twelve (12) months prior to such an event.

4. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 11 relating to adjustments upon changes in the Common Stock, the Common Stock that may be issued pursuant to Options shall not exceed in the aggregate 535,000 shares of Common Stock, which number consists of (i) 33,333 shares of Common stock initially reserved for issuance under the Plan plus (ii) 66,667 shares of Common stock approved by the Board in April 2003 and subsequently approved by the Company's stockholders plus (iii) 225,000 shares of Common Stock approved by the Board in April 2005 and subsequently approved by the Company's stockholders plus (iv) 110,000 shares of Common Stock approved by the Board in January 2007 and subsequently approved by the Company's stockholders plus (v) 100,000 shares of Common Stock approved by the Board in February 2008 and subsequently approved by the Company's stockholders.

(b) Reversion of Shares to the Share Reserve. If any Option shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Option shall revert to and again become available for issuance under the Plan. If any shares subject to an Option are not delivered to an Optionholder because the Option is exercised through a reduction of shares subject to the Option (*i.e* ., "net exercised"), the number of shares that are not delivered to the Optionholder shall not remain available for issuance under the Plan. If any shares subject to an Option are not delivered to an Optionholder because such shares are withheld in satisfaction of the withholding of taxes incurred in connection with the exercise of an Option, the number of shares that are not delivered to the Optionholder shall not remain available for subsequent issuance under the Plan. If the exercise price of any Option is satisfied by tendering shares of Common Stock held by the Optionholder (either by actual delivery or attestation), then the number of shares so tendered shall not remain available for subsequent issuance under the Plan.

(c) Source of Shares. The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

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5. ELIGIBILITY.

The Options as set forth in section 6 automatically shall be granted under the Plan to all Non-Employee Directors who meet the specified criteria.

6. NON-DISCRETIONARY GRANTS.

(a) Initial Grants. Without any further action of the Board, each person who is elected or appointed for the first time to be a Non-Employee Director automatically shall, upon the date of his or her initial election or appointment to be a Non-Employee Director by the Board or stockholders of the Company, be granted an Initial Grant to purchase twenty-five thousand (25,000) shares of Common Stock on the terms and conditions set forth herein.

(b) Annual Grants. Without any further action of the Board, a Non-Employee Director shall be granted an Annual Grant as follows: On the day following each Annual Meeting commencing with the Annual Meeting in 2010, each person who is then a Non-Employee Director automatically shall be granted an Annual Grant to purchase fifteen thousand (15,000) shares of Common Stock on the terms and conditions set forth herein; *provided, however*, that if the person has not been serving as a Non-Employee Director for the entire period since the preceding Annual Meeting, then the number of shares subject to the Annual Grant shall be reduced pro rata for each full quarter prior to the date of grant during which such person did not serve as a Non-Employee Director.

7. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as required by the Plan. Each Option shall contain such additional terms and conditions, not inconsistent with the Plan, as the Board shall deem appropriate. Each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) Term. No Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Exercise Price. The exercise price of each Option shall be one hundred percent (100%) of the Fair Market Value of the stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower

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than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(c) Consideration. The purchase price of stock acquired pursuant to an Option may be paid, to the extent permitted by applicable statutes and regulations, in any combination of the following methods:

(i) By cash or check.

(ii) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in*The Wall Street Journal*, by delivery to the Company of shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes shall include delivery to the Company of the Optionholder's attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, the Optionholder may not exercise the Option by tender to the Company of Common Stock to the extent such

tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(iii) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(iv) By a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however,* that the Company shall accept a cash or other payment from the Optionholder to the extent of any remaining balance of the aggregate exercise price not satisfied by such holding back of whole shares; *provided, further, however,* that shares of Common Stock will no longer be outstanding under an Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the "net exercise," (ii) shares are delivered to the Optionholder as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations.

(d) **Transferability**. The Board may, in its sole discretion, impose such limitations on the transferability of Options as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options shall apply:

(i) **Restrictions on Transfer.** An Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option in a manner that is not prohibited by applicable tax and securities laws upon the Optionholder's request. Except as explicitly provided herein, an Option may not be transferred for consideration.

(ii) **Domestic Relations Orders.** Notwithstanding the foregoing, an Option may be transferred pursuant to a domestic relations order.

(iii) **Beneficiary Designation.** Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Optionholder's estate shall be entitled to exercise the Option and receive the Common Stock or other consideration resulting from such exercise.

(e) **Exercise Schedule**. The Option shall be exercisable as the shares of Common Stock subject to the Option vest.

(f) **Vesting Schedule.**

(i) Each Option granted as an initial grant shall vest in accordance with the schedule set forth below that results in a shorter period of full vesting:

(1) 1/36th of the shares of Common Stock subject to the Option shall vest each month after the date of grant over a period of three (3) years; or

(2) the Option shall vest in equal monthly installments after the date of grant over a period commencing on the date that the Optionholder is appointed for the first time to be a Non-Employee Director by the Board and ending on the date of the Annual Meeting

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at which the Optionholder is first scheduled to be considered for election to be a Non-Employee Director by the stockholders of the Company.

(ii) Each Option granted as an annual grant before the Annual Meeting in 2008 shall vest such that 1/36th of the shares of Common Stock subject to such Option shall vest each month after the date of grant over a period of three (3) years; and each Option granted as an annual grant on or after the Annual Meeting in 2008 shall vest such that 1/12 th of the shares of Common Stock subject to such Option shall vest each month after the date of grant over a period of one (1) year.

(g) **Termination of Continuous Service**. In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service, or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Option Agreement, the Option shall terminate.

(h) **Extension of Termination Date**. If the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in subsection 7(a) or (ii) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(i) **Disability of Optionholder**. In the event an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(j) **Death of Optionholder**. In the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the three-month period after the termination of the Optionholder's Continuous Service for a reason other

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than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise the Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death, but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

8. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Options, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Options.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Options and to issue and sell shares of Common Stock upon exercise of the Options; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Option or any stock issued or issuable pursuant to any such Option. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such Options unless and until such authority is obtained.

9. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of stock pursuant to Options shall constitute general funds of the Company.

10. MISCELLANEOUS.

(a) Stockholder Rights. No Optionholder shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Option unless and

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until such Optionholder has satisfied all requirements for exercise of the Option pursuant to its terms.

(b) No Service Rights. Nothing in the Plan or any instrument executed or Option granted pursuant thereto shall confer upon any Optionholder any right to continue to serve the Company as a Non-Employee Director or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(c) Investment Assurances. The Company may require an Optionholder, as a condition of exercising or acquiring stock under any Option, (i) to give written assurances satisfactory to the Company as to the Optionholder's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; and (ii) to give written assurances satisfactory to the Company stating that the Optionholder is acquiring the stock subject to the Option for the Optionholder's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (iii) the issuance of the shares upon the exercise or acquisition of stock under the Option has been registered under a then currently effective registration statement under the Securities Act or (iv) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

(d) Withholding Obligations. The Optionholder may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of stock under an Option by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Optionholder by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares from the shares of the Common Stock otherwise issuable to the Optionholder as a result of the exercise or acquisition of stock under the Option, provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of the Common Stock.

(e) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

11. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) Capitalization Adjustments. If any change is made in the stock subject to the Plan, or subject to any Option, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Board shall appropriately and proportionately adjust (i) the class(es) and maximum number of securities subject both to the Plan pursuant to subsection 4(a) and to the nondiscretionary Options specified in Section 5, (ii) the class(es) and number of securities and price per share of stock subject to outstanding Options. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.)

(b) Corporate Transaction. In the event of (i) a sale, lease or other disposition of all or substantially all of the securities or assets of the Company, (ii) a merger or consolidation in which the Company is not the surviving corporation or (iii) a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then any surviving corporation or acquiring corporation may assume any Options outstanding under the Plan or may substitute similar Options (including an option to acquire the same consideration paid to the stockholders in the transaction described in this subsection 11(b)) for those outstanding under the Plan. In the event no surviving corporation or acquiring corporation assumes such Options or substitutes similar Options for those outstanding under the Plan, then with respect to Options held by Optionholders who are in Continuous Service immediately prior to such an event, the vesting of such Options (and the time during which such Options may be exercised) shall be accelerated in full, and the Options shall terminate if not exercised at or prior to such event. With respect to any other Options outstanding under the Plan, such Options shall terminate if not exercised prior to such event.

(c) Change in Control. Upon a Change in Control, all Options held by each Optionholder whose Continuous Service has not terminated immediately prior to the Change in Control shall become fully vested and exercisable immediately prior to the effectiveness of such Change in Control.

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12. AMENDMENT OF THE PLAN AND OPTIONS.

(a) Amendment of Plan. The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 11 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to

satisfy the requirements of Rule 16b-3 or any Nasdaq or securities exchange listing requirements.

(b) Stockholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval.

(c) No Impairment of Rights. Rights under any Option granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Optionholder and (ii) the Optionholder consents in writing.

(d) Amendment of Options. The Board at any time, and from time to time, may amend the terms of any one or more Options including, but not limited to, amendments to provide terms more favorable than previously provided in the agreement evidencing an Option, subject to any specified limits in the Plan that are not subject to Board discretion; provided, however, that the rights under any Option shall not be impaired by any such amendment unless (i) the Company requests the consent of the Optionholder and (ii) the Optionholder consents in writing.

13. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. No Options may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Option granted while the Plan is in effect except with the written consent of the Optionholder.

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14. EFFECTIVE DATE OF PLAN.

The Plan shall become effective on the IPO Date, but no Option shall be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

15. CHOICE OF LAW.

All questions concerning the construction, validity and interpretation of this Plan shall be governed by the law of the State of Delaware, without regard to such state's conflict of laws rules.

RIGEL PHARMACEUTICALS, INC.

2000 EMPLOYEE STOCK PURCHASE PLAN

APPROVED BY THE BOARD OF DIRECTORS AUGUST 18, 2000
APPROVED BY STOCKHOLDERS SEPTEMBER 11, 2000
AMENDED AND RESTATED APRIL 24, 2003
APPROVED BY STOCKHOLDERS JUNE 20, 2003
AMENDED JANUARY 31, 2007
APPROVED BY STOCKHOLDERS MAY 31, 2007
AMENDED BY THE COMPENSATION COMMITTEE NOVEMBER 13, 2008
AMENDED BY THE COMPENSATION COMMITTEE JANUARY 20, 2010

1. PURPOSE.

(a) The purpose of this 2000 Employee Stock Purchase Plan (the "Plan") is to provide a means by which employees of Rigel Pharmaceuticals, Inc. (the "Company") and its Affiliates, as defined in subparagraph 1(b), that are designated as provided in subparagraph 2(b), may be given an opportunity to purchase common stock of the Company (the "Common Stock").

(b) The word "Affiliate" as used in the Plan means any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Company, by means of the Plan, seeks to retain the services of its employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the rights to purchase stock of the Company granted under the Plan be considered options issued under an "employee stock purchase plan" as that term is defined in Section 423(b) of the Code.

2. ADMINISTRATION.

(a) The Plan shall be administered by the Board of Directors (the "Board") of the Company unless and until the Board delegates administration to a Committee, as provided in subparagraph 2(c). Whether or not the Board has delegated administration, the Board shall have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(b) The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how rights to purchase stock of the Company shall be granted and the provisions of each offering of such rights (which need not be identical).

(ii) To designate from time to time which Affiliates of the Company shall be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend the Plan as provided in paragraph 13.

(v) To terminate or suspend the Plan as provided in paragraph 15.

(vi) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and its Affiliates and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

(c) The Board may delegate administration of the Plan to a Committee composed of not fewer than two (2) members of the Board (the "Committee"). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of paragraph 12 relating to adjustments upon changes in stock, the Common Stock that may be sold pursuant to rights granted under the Plan shall not exceed in the aggregate 464,062 shares of Common Stock, plus an annual increase to be added on the first seven (7) anniversaries of the Effective Date of the Plan ending on and including the anniversary of the Effective Date in 2007, equal to the *least* of (i) one percent (1%) of the total number of shares of Common Stock outstanding on such anniversary date, (ii) 88,888 shares, or (iii) a number of shares determined by the Board prior to the anniversary date. In addition, an additional 1,500,000 shares shall be made available under the Plan on the first date of the next Offering that commences on or after July 1, 2007. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for the Plan.

(b) The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

4. GRANT OF RIGHTS; OFFERING.

The Board or the Committee may from time to time grant or provide for the grant of rights to purchase Common Stock of the Company under the Plan to eligible employees (an "Offering") on a date or dates (the "Offering Date(s)") selected by the Board or the Committee. Each Offering shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate, which shall comply with the requirements of Section 423(b)(5) of the Code that all employees granted rights to purchase stock under the Plan shall have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the

Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering shall include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering shall be effective, which period shall not exceed twenty-seven (27) months beginning with the Offering Date, and the substance of the provisions contained in paragraphs 5 through 8, inclusive.

5. ELIGIBILITY.

(a) Rights may be granted only to employees of the Company or, as the Board or the Committee may designate as provided in subparagraph 2(b), to employees of any Affiliate of the Company. Except as provided in subparagraph 5(b), an employee of the Company or any Affiliate shall not be eligible to be granted rights under the Plan unless, on the Offering Date, such employee has been in the employ of the Company or any Affiliate for such continuous period preceding such grant as the Board or the Committee may require, but in no event shall the required period of continuous employment be greater than two (2) years. In addition, unless otherwise determined by the Board or the Committee and set forth in the terms of the applicable Offering, no employee of the Company or any Affiliate shall be eligible to be granted rights under the Plan, unless, on the Offering Date, such employee's customary employment with the Company or such Affiliate is for at least twenty (20) hours per week and at least five (5) months per calendar year.

(b) The Board or the Committee may provide that each person who, during the course of an Offering, first becomes an eligible employee of the Company or designated Affiliate will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an eligible employee or occurs thereafter, receive a right under that Offering, which right shall thereafter be deemed to be a part of that Offering. Such right shall have the same characteristics as any rights originally granted under that Offering, as described herein, except that:

(i) the date on which such right is granted shall be the "Offering Date" of such right for all purposes, including determination of the exercise price of such right;

(ii) the period of the Offering with respect to such right shall begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board or the Committee may provide that if such person first becomes an eligible employee within a specified period of time before the end of the Offering, he or she will not receive any right under that Offering.

(c) No employee shall be eligible for the grant of any rights under the Plan if, immediately after any such rights are granted, such employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Affiliate. For purposes of this subparagraph 5(c), the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any employee, and stock which such employee may purchase under all outstanding rights and options shall be treated as stock owned by such employee.

(d) An eligible employee may be granted rights under the Plan only if such rights, together with any other rights granted under "employee stock purchase plans" of the Company and any Affiliates, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Affiliate to accrue at a rate which exceeds twenty-five thousand dollars ($25,000) of fair market value of such stock (determined at the time such rights are granted) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Affiliate shall be eligible to participate in Offerings under the Plan; *provided, however,* that the Board may provide in an Offering that certain employees who are highly compensated employees within the meaning of Section 423(b)(4)(D) of the Code shall not be eligible to participate.

6. RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each eligible employee, pursuant to an Offering made under the Plan, shall be granted the right to purchase up to the number of shares of Common Stock of the Company purchasable with a percentage designated by the Board or the Committee not exceeding fifteen percent (15%) of such employee's Earnings (as defined in subparagraph 7(a)) during the period which begins on the Offering Date (or such later date as the Board or the Committee determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the Offering. The Board or the Committee shall establish one or more dates during an Offering (the "Purchase Date(s)") on which rights granted under the Plan shall be exercised and purchases of Common Stock carried out in accordance with such Offering.

(b) In connection with each Offering made under the Plan, the Board or the Committee may specify a maximum number of shares that may be purchased by any employee as well as a maximum aggregate number of shares that may be purchased by all eligible employees pursuant to such Offering. In addition, in connection with each Offering that contains more than one Purchase Date, the Board or the Committee may specify a maximum aggregate number of shares which may be purchased by all eligible employees on any given Purchase Date under the Offering. If the aggregate purchase of shares upon exercise of rights granted under the Offering would exceed any such maximum aggregate number, the Board or the Committee shall make a

pro rata allocation of the shares available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable.

(c) The purchase price of stock acquired pursuant to rights granted under the Plan shall be not less than the lesser of:

(i) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Offering Date; or

(ii) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An eligible employee may become a participant in the Plan pursuant to an Offering by delivering a participation agreement to the Company within the time specified in the Offering, in such form as the Company provides. Each such agreement shall authorize payroll deductions of up to the maximum percentage specified by the Board or the Committee of such employee's Earnings during the Offering. "Earnings" is defined as an employee's wages (including amounts thereof elected to be deferred by the employee, that would otherwise have been paid, under any arrangement established by the Company that is intended to comply with Section 125, Section 401(k), Section 402(h) or Section 403(b) of the Code or that provides non-qualified deferred compensation), which shall include overtime pay, but shall exclude profit sharing, bonuses, incentive pay, commissions or other remuneration paid directly to the employee, the cost of employee benefits paid for by the Company or an Affiliate, education or tuition reimbursements, imputed income arising under any group insurance or benefit program, traveling expenses, business and moving expense reimbursements, income received in connection with stock options, contributions made by the Company or an Affiliate under any employee benefit plan, and similar items of compensation, as determined by the Board or the Committee. The payroll deductions made for each participant shall be credited to an account for such participant under the Plan and shall be deposited with the general funds of the Company. A participant may reduce (including to zero) or increase such payroll deductions, and an eligible employee may begin such

payroll deductions, after the beginning of any Offering only as provided for in the Offering. A participant may make additional payments into his or her account only if specifically provided for in the Offering and only if the participant has not had the maximum amount withheld during the Offering.

(b) At any time during an Offering, a participant may terminate his or her payroll deductions under the Plan and withdraw from the Offering by delivering to the Company a notice of withdrawal in such form as the Company provides. Such withdrawal may be elected at any time prior to the end of the Offering except as provided by the Board or the Committee in the Offering. Upon such withdrawal from the Offering by a participant, the Company shall distribute to such participant all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the participant) under the Offering, without interest, and such participant's interest in that Offering shall be automatically terminated. A participant's withdrawal from an Offering will have no effect upon such participant's eligibility

to participate in any other Offerings under the Plan but such participant will be required to deliver a new participation agreement in order to participate in subsequent Offerings under the Plan.

(c) Rights granted pursuant to any Offering under the Plan shall terminate immediately upon cessation of any participating employee's employment with the Company and any designated Affiliate, for any reason, and the Company shall distribute to such terminated employee all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the terminated employee), under the Offering, without interest.

(d) Rights granted under the Plan shall not be transferable by a participant otherwise than by will or the laws of descent and distribution, or by a beneficiary designation as provided in paragraph 14 and, otherwise during his or her lifetime, shall be exercisable only by the person to whom such rights are granted.

8. EXERCISE.

(a) On each Purchase Date specified therefor in the relevant Offering, each participant's accumulated payroll deductions and other additional payments specifically provided for in the Offering (without any increase for interest) will be applied to the purchase of whole shares of stock of the Company, up to the maximum number of shares permitted pursuant to the terms of the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares shall be issued upon the exercise of rights granted under the Plan. The amount, if any, of accumulated payroll deductions remaining in each participant's account after the purchase of shares which is less than the amount required to purchase one share of stock on the final Purchase Date of an Offering shall be held in each such participant's account for the purchase of shares under the next Offering under the Plan, unless such participant withdraws from such next Offering, as provided in subparagraph 7(b), or is no longer eligible to be granted rights under the Plan, as provided in paragraph 5, in which case such amount shall be distributed to the participant after such final Purchase Date, without interest. The amount, if any, of accumulated payroll deductions remaining in any participant's account after the purchase of shares which is equal to the amount required to purchase whole shares of stock on the final Purchase Date of an Offering shall be distributed in full to the participant after such Purchase Date, without interest.

(b) No rights granted under the Plan may be exercised to any extent unless the shares to be issued upon such exercise under the Plan (including rights granted thereunder) are covered by an effective registration statement pursuant to the Securities Act of 1933, as amended (the "Securities Act") and the Plan is in material compliance with all applicable state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date in any Offering hereunder the Plan is not so registered or in such compliance, no rights granted under the Plan or any Offering shall be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Plan is subject to such an effective registration statement and such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Offering Date. If on the

Purchase Date of any Offering hereunder, as delayed to the maximum extent permissible, the Plan is not registered and in such compliance, no rights granted under the Plan or any Offering shall be exercised and all payroll deductions accumulated during the Offering (reduced to the extent, if any, such deductions have been used to acquire stock) shall be distributed to the participants, without interest.

9. COVENANTS OF THE COMPANY.

The Company shall seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of stock upon exercise of the rights granted under the Plan. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such rights unless and until such authority is obtained.

10. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of stock pursuant to rights granted under the Plan shall constitute general funds of the Company.

11. RIGHTS AS A STOCKHOLDER.

A participant shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to rights granted under the Plan unless and until the participant's shareholdings acquired upon exercise of rights under the Plan are recorded in the books of the Company.

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) If any change is made in the stock subject to the Plan, or subject to any rights granted under the Plan, due to a change in corporate capitalization and without the receipt of consideration by the Company (through reincorporation, stock dividend, stock split, reverse stock split, combination or reclassification of shares), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to subsection 3(a), and the outstanding rights will be appropriately adjusted in the class(es) and number of securities and price per share of stock subject to such outstanding rights. Such adjustments shall be made by the Board, the determination of which shall be final, binding and conclusive.

(b) In the event of: (1) a dissolution, liquidation or sale of all or substantially all of the securities or assets of the Company, (2) a merger or consolidation in which the Company is not the surviving corporation or (3) a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then any surviving corporation may assume outstanding rights or substitute similar rights for those under the Plan. In the event that no surviving corporation assumes outstanding rights or substitutes similar rights therefor, participants' accumulated payroll deductions shall be

used to purchase Common Stock immediately prior to the transaction described above and the participants' rights under the ongoing Offering shall terminate immediately following such purchase.

13. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, except as provided in paragraph 12 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company within twelve (12) months before or after the adoption of the amendment, where the amendment will:

(i) Increase the number of shares reserved for rights under the Plan;

(ii) Modify the provisions as to eligibility for participation in the Plan (to the extent such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 16b-3")); or

(iii) Modify the Plan in any other way if such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3.

It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to employee stock purchase plans and/or to bring the Plan and/or rights granted under it into compliance therewith.

(b) Rights and obligations under any rights granted before amendment of the Plan shall not be impaired by any amendment of the Plan, except with the consent of the person to whom such rights were granted, or except as necessary to comply with any laws or governmental regulations, or except as necessary to ensure that the Plan and/or rights granted under the Plan comply with the requirements of Section 423 of the Code.

14. DESIGNATION OF BENEFICIARY.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of an Offering but prior to delivery to the participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death during an Offering.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the

Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

15. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board in its discretion, may suspend or terminate the Plan at any time. No rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any rights granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except as expressly provided in the Plan or with the consent of the person to whom such rights were granted, or except as necessary to comply with any laws or governmental regulation, or except as necessary to ensure that the Plan and/or rights granted under the Plan comply with the requirements of Section 423 of the Code.

(c) Notwithstanding the foregoing, the Plan shall terminate and no rights may be granted under the Plan after December 31, 2020.

16. EFFECTIVE DATE OF PLAN.

The Plan shall become effective simultaneously with the effectiveness of the Company's registration statement under the Securities Act with respect to the initial public offering of shares of the Company's Common Stock (the "Effective Date"), but no rights granted under the Plan shall be exercised unless and until the Plan has been approved by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board, which date may be prior to the Effective Date.

17. MISCELLANEOUS PROVISIONS.

(a) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering shall in any way alter the at will nature of a participant's employment or be deemed to create in any way whatsoever any obligation on the part of any participant to continue in the employ of the Company or any Affiliate, or on the part of the Company or any Affiliate to continue the employment of a participant.

(b) The provisions of the Plan shall be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

LICENSE AND COLLABORATION AGREEMENT

THIS LICENSE AND COLLABORATION AGREEMENT (the **"Agreement"**) is entered into as of the Effective Date by and between **RIGEL PHARMACEUTICALS, INC.**, a Delaware corporation having its principal place of business at 1180 Veterans Boulevard, South San Francisco, CA 94080 (**"Rigel"**) and **ASTRAZENECA AB**, a Swedish corporation having its principal place of business at SE-151-85, Södertälje, Sweden (**"AZ"**). Rigel and AZ are sometimes referred to herein individually as a **"Party"** and collectively as the **"Parties"**.

RECITALS

I. AZ is a world leading pharmaceutical company having expertise in the development, manufacture and commercialization of human therapeutic products.

II. Rigel is a clinical-stage drug development company that discovers and develops novel, small-molecule drugs for the treatment of inflammatory and autoimmune diseases, cancer, and viral and metabolic diseases.

III. Rigel has developed, and owns rights to, the product comprising Rigel's proprietary Compound (as defined below), and has completed or initiated Phase 2 Clinical Trials for such product for the treatment of rheumatoid arthritis ("**RA**"), lymphoma, and immune thrombocytopenic purpura ("**ITP**").

IV. AZ and Rigel desire to establish a collaboration for the development and commercialization of such product in the Field (as defined below) on the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement, the following initially capitalized terms, whether used in the singular or plural form, shall have the meanings set forth in this Article 1. In addition, the terms "includes," "including," "include" and derivative forms of them shall be deemed followed by the phrase "without limitation" (regardless of whether it is actually written there (and drawing no implication from the actual inclusion of such phrase in some instances after such terms but not others)).

1.1 "**Additional Indication**" shall mean asthma and COPD.

1.2 **"Adverse Drug Reaction"** means an Adverse Event suspected to be causally related to a product.

1.3 **"Adverse Event"** means any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product and which does not necessarily have a causal relationship with this treatment.

1.4 **"Affiliate"** means, with respect to a particular Person, any other Person that controls, is controlled by or is under common control with such first Person. For the purposes of this definition, the term "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of an entity, whether by the ownership of more than fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

1.5 **"Applicable Laws"** means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, country, city or other political subdivision, domestic or foreign that are applicable to the particular situation, obligation or circumstance.

1.6 **"Autoimmune Disorders"** means a disorder characterized by a pathological response of the sufferer's immune system to one or more of his own tissues whether or not the disorder was ultimately triggered by reaction to an extrinsic antigen. For the avoidance of doubt RA and [*] will always be classified as Autoimmune Disorders.

1.7 "[*]" means

a [*]:

(i) [*]; and

(ii) [*]; and

(iii) [*].

1.8 **"AZ Know-How"** means all Information (excluding any published AZ Patents) that is Controlled as of the Effective Date or thereafter during the Term by AZ and/or its Affiliates and is reasonably necessary for the development, Manufacture, use, importation, offer for sale or sale of the Compound or Product(s) in the Field, including any such Information made by or on behalf of AZ or its Affiliates or Sublicensees in the course of performing AZ's obligations or exercising AZ's rights under this Agreement which is Controlled by AZ or such Affiliates. For clarity, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of AZ.

1.9 **"AZ Patents"** means all patents and patent applications that are Controlled as of the Effective Date or thereafter during the Term by AZ and/or its Affiliates and rights to which

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are reasonably necessary for the development, Manufacture, use, importation, offer for sale or sale of the Compound or Product(s) in the Field, including: (i) all substitutions, divisions, continuations, continuations-in-part thereof (to the extent directed to the subject matter disclosed in a patent or patent application described above) and requests for continued examination of any of the foregoing, (ii) all patents issued from any of the foregoing patent applications, (iii) all reissues, renewals, registrations, confirmations, re-examinations, extensions, and supplementary protection certificates of any of the foregoing, and (iv) all foreign equivalents of any of the foregoing. For clarity, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of AZ.

1.10 **"AZ Technology"** means the AZ Patents and AZ Know-How.

1.11 **"Business Days"** means any day other than a Saturday, a Sunday or a day on which commercial banks located in Sweden or California, USA are authorized or required by law to remain closed.

1.12 **"Calendar Quarter"** means the respective period of three consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.13 **"Calendar Year"** means each successive period of twelve months commencing on January 1 and ending on December 31.

1.14 **"Change of Control"** means any of the following events: (a) any Third Party (or group of Third Parties acting in concert) becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the total voting power of the stock then outstanding of Rigel normally entitled to vote in elections of directors; (b) Rigel consolidates with or merges into another corporation or entity, or any corporation or entity consolidates with or merges into Rigel, in either event pursuant to a transaction in which more than fifty percent (50%) of the total voting power of the stock outstanding of the surviving entity normally entitled to vote in elections of directors is not held by the parties holding at least fifty percent (50%) of the outstanding shares of Rigel preceding such consolidation or merger; or (c) Rigel conveys, transfers or leases all or substantially all of its assets to any Third Party.

1.15 **"Claim"** has the meaning set forth in Section 11.3.

1.16 **"Clinical Trial"** means a Phase 1 Clinical Trial, Phase 2 Clinical Trial, Phase 3 Clinical Trial, Phase 4 Clinical Trial or any combination thereof.

1.17 **"Combination Product"** means any pharmaceutical product (in any formulation) containing one or more active pharmaceutical ingredients (excluding formulation components such as coatings, stabilizers, excipients or solvents, or controlled release technologies) in addition to the Compound.

1.18 "**Commencement**" with respect to a Clinical Trial for a Product, means the first [*] of the first human subject using the Product in such Clinical Trial; "[*]" for the purposes of this definition means the first patient has [*] and subsequently [*] which have been [*].

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1.19 **"Commercialize"** means to conduct any pre-launch activities or any activities after Marketing Approval for a particular Product, including any activities that relate to the commercial marketing and sale of such Product including advertising, marketing, promotion, distribution, and Phase 4 Clinical Trials.

1.20 **"Commercialization Plan"** has the meaning set forth in Section 5.2.

1.21 **"Compound"** means collectively, all Rigel Compounds [*].

1.22 "**Compound Assay Criteria**" means those assay criteria used to determine Syk inhibition activity of a compound as set forth on **Exhibit B**.

1.23 **"Confidential Information"** means, with respect to a Party, all Information of such Party that is disclosed to the other Party under this Agreement. All confidential information which has been disclosed by either Party pursuant to the Existing Confidentiality Agreement shall be deemed to be such Party's Confidential Information hereunder.

1.24 **"Control"** means, with respect to any material, Information, or intellectual property right, that a person or entity owns or has a license to such material, Information, or intellectual property right and has the ability to grant access, a license, or a sublicense (as applicable) to such material, Information, or intellectual property right on the terms and conditions set forth herein without violating the terms of any agreement or other arrangement with any Third Party existing at the time such access, license, or sublicense is first required to be granted.

1.25 **"Development Plan"** means the plan for the development of the Product in the Territory, as set forth in Section 3.1(a).

1.26 **"Diligent Efforts"** means, with respect to a Party's obligations under this Agreement to research, develop, manufacture or Commercialize a Product, the carrying out of such obligations or tasks in an ongoing program in a manner consistent with such Party's own compounds and products with a similar commercial and scientific potential and at a similar stage in their lifecycle, taking into account their [*] and [*], their [*], the [*] of [*] and the [*] and [*] of their [*] (including [*] and [*]), the [*] of [*], their [*], including the [*] of [*] and [*] with respect to any Product and all other relevant factors. Diligent Efforts shall be determined on a [*] basis for each Compound and Product. For clarity, the requirement for a Party to use Diligent Efforts to carry out an obligation shall not be construed as requiring such Party to [*], so long as the performance of such Party, [*], meets the standard for Diligent Efforts as set forth in this Section 1.26.

1.27 **"Distributor"** has the meaning set forth in Section 7.2(b).

1.28 **"Dollars"** or **"$"** means a U.S. dollar.

1.29 **"Effective Date"** means the Execution Date unless either Party makes a filing under the Hart-Scott-Rodino Antitrust Improvement Act ("**HSR Act**"), in which case it will be

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the later of (a) the Execution Date or (b) the Business Day immediately following the earlier of: (i) the date upon which the waiting period under the HSR Act expires or terminates early or (ii) the date upon which a closing letter is received from the Federal Trade Commission or the Justice Department, as the case may be, with regard to the transaction contemplated by this Agreement indicating that all requests have been satisfactorily met and no objection on the part of the Federal Trade Commission or the Justice Department remains.

1.30 **"EMEA"** means the European Medicines Agency, or its successor.

1.31 **"Encumbrances"** means any claim, charge, equitable interest, lien, mortgage, pledge, option, license, assignment, power of sale, retention of title, right or pre-emption, right of first refusal or security interest of any kind.

1.32 **"European Union" or "EU"** means all of the European Union member states as of the applicable time during the Term.

1.33 **"Excluded Indications"** means all human diseases and disorders resulting from allergic reaction to an antigen, or primarily involving respiratory or pulmonary dysfunction, and shall include asthma and chronic obstructive pulmonary disease ("**COPD**"). Excluded Indication shall not include Autoimmune Disorders, provided that asthma and COPD shall always be considered Excluded Indications even if the underlying basis of asthma or COPD is an Autoimmune Disorder.

1.34 **"Execution Date"** means February 16, 2010, the date upon which this Agreement has been executed and delivered by both Parties.

1.35 **"Existing Confidentiality Agreement"** means the Mutual Confidentiality Agreement by and between the Parties, effective on July 13, 2009.

1.36 **"Exploit"** means to make, have made, import, use, sell, or offer for sale and Commercialize, including to research, develop, register, modify, enhance, improve, Manufacture, have Manufactured, hold/keep (whether for disposal or otherwise), formulate, optimize, have used, export, transport, distribute, promote, market or have sold or otherwise dispose or offer to dispose of, a product or process.

1.37 **"FDA"** means the US Food and Drug Administration or its successor.

1.38 **"FD&C Act"** means the US Federal Food, Drug and Cosmetic Act, as amended.

1.39 "**Field**" means the treatment, prevention and diagnosis of all indications in humans and animals including allergic rhinitis, other than Excluded Indications.

1.40 **"First Commercial Sale"** means, with respect to a Product and country, the first sale to a Third Party of such Product in such country after Marketing Approval for such Product has been obtained in such country.

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1.41 **"Follow-On Product"** means any Product other than an R788 Product[*] comprises [*] a Rigel Compound.

1.42 **"FTE"** means a full-time equivalent person year of [*] ([*]) hours of scientific or technical work on studies or activities performed in accordance with this Agreement.

1.43 **"FTE Rate"** means a rate of [*] Dollars ($[*]) per annum per FTE to be pro-rated on a daily basis if necessary, such rate to exclude managerial activities (other than direct management of scientific or technical work) and to be restricted to scientific or technical work related directly to the Compound or Products. For the avoidance of doubt, such rate shall include all travel expenses and employee benefits (including pensions and bonus payments).

1.44 **"Generic Equivalent"** means, with respect to a Product, any product comprising the same active ingredient(s) as such Product and which (a) [*] or [*] the same [*] as the Product and (b) is sold by a Third Party who is not a Sublicensee or Distributor of AZ or its Affiliates, and is not otherwise authorized by AZ or any of its Affiliates, Sublicensees or Distributors to sell such product.

1.45 **"Governmental Authority"** means any multi-national, federal, state, local, municipal or other government authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, court or other tribunal).

1.46 **"IND"** means (a) an Investigational New Drug Application as defined in the FD&C Act and applicable regulations promulgated thereunder by the FDA, or (b) the equivalent application to the equivalent agency in any other regulatory jurisdiction, the filing of which is necessary to initiate or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.47 "**Indication**" means a disease or condition, the inclusion of which on the label of a Product for its treatment or management requires the conduct of human clinical trial(s) and approval by the Regulatory Authority.

1.48 **"Indirect Taxes"** means value added taxes, sales taxes, consumption taxes and other similar taxes.

1.49 **"Information"** means any data, results, and information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), software, algorithms, marketing reports, customer information, business or financial information, expertise, stability, technology, test data including pharmacological, biological, chemical, biochemical, toxicological, and clinical test data, analytical and quality control data, stability data, studies and procedures.

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1.50 **"Insolvency Event"** means in relation to either Party, any one of the following: (a) that Party admits in writing its inability generally to pay its debts when they become due; (b) that Party is the subject of voluntary or involuntary bankruptcy proceedings instituted on behalf of or against such Party (except for involuntary bankruptcy proceedings which are dismissed within sixty (60) days); (c) an administrative receiver, receiver and manager, interim receiver, custodian, sequestrator or similar

officer is appointed for all or a substantial portion of that Party's assets; (d) a resolution has been passed by that Party's directors to wind up that Party; (e) that Party makes a general assignment or enters into a composition or arrangement with or for the benefit of all or a substantial portion of that Party's creditors; or (f) that Party otherwise becomes legally insolvent.

1.51 "**ITP**" has the meaning set forth in paragraph III of the recitals.

1.52 **"Joint Invention"** has the meaning set forth in Section 9.1.

1.53 **"Joint Patent"** has the meaning set forth in Section 9.3(c).

1.54 **"Joint Steering Committee" or "JSC"** means the committee formed by the Parties as described in Section 2.2(a).

1.55 **"Loss of Market Exclusivity"** means with respect to any Product in any country in any Calendar Year, the following has occurred (a) the Net Sales of such Product in that country in any Calendar Year are less than [*] percent ([*]%) of the Net Sales of such Product in that country in [*] and (b) the decline in such sales is [*] the marketing or sale in such country of a Generic Equivalent of such Product.

1.56 **"Major EU Country"** means, individually or collectively, the United Kingdom, France, Germany, Italy and Spain.

1.57 **"Major Indication"** means RA, together with [*] and associated [*], including [*] and [*] but excluding [*] and [*].

1.58 **"Major Market"** means the US, each of the Major EU Countries and Japan.

1.59 **"Major Three RA Trials"** mean the three major Phase 3 Clinical Trials in RA as identified in the Initial Development Plan.

1.60 **"Manufacture"** and **"Manufacturing"** means, with respect to a product or compound, the synthesis, manufacturing, processing, formulating, packaging, labeling, holding and quality control testing of such product or compound.

1.61 **"Marketing Approval"** means, with respect to a particular Product for a particular Indication, all approvals necessary for the manufacture, marketing, importation and sale of such Product for such Indication in a country or regulatory jurisdiction, which shall include any pricing and reimbursement approvals.

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1.62 **"Marketing Authorization Application" or "MAA"** means an application for the authorization for marketing of a Product in a country or group of countries other than the US.

1.63 **"[*]"** means a Product with [*]:

(i) Treatment of the signs and symptoms of RA;

(ii) [*]; and

(iii) [*].

In addition, the Product label will [*] for [*] that [*] in the [*]. For clarity, the conduct of a [*] for [*] or other [*] studies shall not be deemed a [*] for [*].

For the purposes of this definition, "[*]" — means those RA patients who have had an [*] to [*] or [*] ([*]), including [*].

1.64 **"[*]"** means a Product with [*]:

(i) Reduction in signs and symptoms of RA;

(ii) [*];

(iii) [*]; and

(iv) [*].

In addition, the Product label will [*] for [*] that [*] in the [*]. For clarity, the conduct of a [*] for [*] or other [*] studies shall not be deemed a [*] for [*].

For the purposes of this definition, "[*]" — means those RA patients who have had an [*] to [*] or [*] ([*]), including [*].

1.65 "**NCI Agreement**" means the Cooperative Research and Development Agreement for Extramural-PHS Clinical Research by and between the U.S. Department of Health and Human Services, as represented by the National Cancer Institute and Rigel, effective as of February 17, 2009.

1.66 **"NDA"** means a New Drug Application, as defined in the FD&C Act and applicable regulations promulgated thereunder by the FDA for authorization for marketing of a Product.

1.67 **"Net Sales"** means, with respect to any Product, the gross amount invoiced by AZ, its Affiliate, or any Sublicensee of AZ for sales of such Product to a Third Party (including Distributors) less, to the extent included in such invoiced amount: (a) normal and customary trade, quantity or prompt settlement discounts (including chargebacks and allowances actually allowed); (b) amounts repaid or credited by reason of rejection, returns, or recalls of goods,

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rebates or bona fide price reductions determined by AZ or its Affiliates in good faith; (c) rebates and similar payments made with respect to sales paid for by any governmental or regulatory authority such as, by way or illustration and not in limitation of the Parties' rights hereunder, Federal or state Medicaid, Medicare or similar state programs in the US or equivalent governmental programs in any other country; (d) any invoiced amounts which are not collected by AZ or its Affiliates, including bad debts; (e) excise taxes, Indirect Taxes, customs duties, customs levies and import fees imposed on the sale, importation, use or distribution of Products; (f) any other similar and customary deductions that are consistent with generally accepted accounting principles, or in the case of non-US sales, other applicable accounting standards for the jurisdiction at issue; and (g) [*], [*] percent ([*]%) of [*]. Sales between AZ and its Affiliates and Sublicensees shall be disregarded for purposes of calculating Net Sales.

Net Sales shall be calculated using [*], as applied consistently among AZ's products.

For clarity:

(i) in the event the first sale of a product comprising a Compound by AZ, its Affiliates or Sublicensees to a Third Party (including Distributors) [*], but is in the form of [*] (such product, an "[*]"), then for the calculation of Net Sales for such [*], the Net Sales shall be deemed to include the invoiced amount by AZ, its Affiliate or Sublicensee to such Third Party for such [*] together with such other consideration received by AZ, its Affiliates or Sublicensee as may be reasonably apportioned to the sale of such [*] to such Third Party;

(ii) the transfer of Products for sampling purposes without monetary consideration shall be disregarded for purposes of calculating Net Sales.

In the event the Product is sold as a Combination Product, the Net Sales of the Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in a particular country of the Product when sold separately in finished form and B is the weighted average sale price in that country of the other product(s) sold separately in finished form. In the event that such average sale price cannot be determined for both the Product and the other product(s) in combination, Net Sales for purposes of determining royalty payments shall be agreed by the Parties based on the relative fair market value contributed by each component, such agreement not to be unreasonably withheld.

1.68 **"On-Going Clinical Trials"** means the human clinical trials of the R788 Product ongoing as of the Execution Date, as identified on Exhibit I.

1.69 "**Open Label Extension Study**" means the open label extension study being conducted by Rigel as of the Execution Date and as described in further detail in the Development Plan.

1.70 **"Open Label Extension Study Transfer Date"** has the meaning given to it in Section 3.7.

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1.71 "**Other Indication**" means any Indication that is not a Major Indication, including [*] and [*].

1.72 **"Out-of-Pocket Expenses"** means costs and expenses paid to Third Parties (or payable to Third Parties and accrued in accordance with such Party's accounting standards as generally and consistently applied throughout such Party's organization) by either Party and/or its Affiliates and which costs cannot be reasonably incurred by such Party using its own internal resource or FTEs or consultants otherwise engaged by a Party in connection with activities outside the scope of this Agreement. For the avoidance of doubt "Out-of-Pocket Expenses" shall exclude all travel expenses.

1.73 **"Person"** means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or organization, including a government or political subdivision, department or agency or a government.

1.74 **"Pfizer Agreement"** means the collaborative research and license agreement entered into by and between Rigel and Pfizer Inc., as of January 18, 2005.

1.75 **"Phase I Clinical Trial"** means a human clinical trial of a product, the principal purpose of which is to determine initial tolerance or safety of such product in the target patient population, as described in 21 C.F.R. § 312.21(a), or a similar clinical study prescribed by the Regulatory Authorities in a country other than the US.

1.76 **"Phase 2 Clinical Trial"** means a human clinical trial of a product, the principal purpose of which is to evaluate the effectiveness of such product in the target patient population, as described in 21 C.F.R. § 312.21(b), or a similar clinical study prescribed by the Regulatory Authorities in a country other than the US.

1.77 **"Phase 3 Clinical Trial"** means a human clinical trial of a product on a sufficient number of subjects that is designed to (a) evaluate overall benefit risk profile; (b) define possible warnings, precautions and adverse reactions that are associated with such product in the dosage range to be prescribed; and (c) support Marketing Approval of such product, as described in 21 C.F.R. § 312.21(c), or a similar clinical study prescribed by the Regulatory Authorities in a country other than the US.

1.78 **"Phase 4 Clinical Trial"** means a human clinical trial of a product conducted after Marketing Approval of such product has been obtained from an appropriate Regulatory Authority, which trial is (a) conducted voluntarily by a Party to enhance marketing or scientific knowledge of the product, or (b) conducted due to a request or requirement of a Regulatory Authority.

1.79 **"[*]"** means the compounds listed in Exhibit A which comprise: (a) all compounds [*] as of the Execution Date [*] meet the compound assay criteria set forth in

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Exhibit B; and (b) any [*] or [*] of any compounds listed in Exhibit A [*] provided that in each case the [*] of such [*] or [*] the [*] of [*].

1.80 **"Product"** means a product incorporating or comprising the Compound in finished dosage pharmaceutical form, including, in each case, all formulations and modes of administration thereof.

1.81 **"Publication"** has the meaning set forth in Section 12.4.

1.82 "**R406**" means the Compound having the chemical structure set forth on **Exhibit B**.

1.83 "**R423**" means the Compound having the chemical structure set forth on **Exhibit B**.

1.84 "**R531**" means the Compound having the chemical structure set forth on **Exhibit B**.

1.85 "**R788**" means the Compound having the chemical structure set forth on **Exhibit B**.

1.86 "**R788 Product**" means any Product comprising as an active ingredient R788, R406 or any [*] or [*] of R788 or R406.

1.87 **"R788 Product Royalty Term"** means the Royalty Term for the R788 Product.

1.88 "**RA**" has the meaning set forth in paragraph III of the Recitals.

1.89 **"Regulatory Authority"** means, in a particular country or regulatory jurisdiction, any applicable Governmental Authority involved in granting Marketing Approval and/or, to the extent required in such country or regulatory jurisdiction, pricing or reimbursement approval of a Product in such country or regulatory jurisdiction, including: (a) the FDA, (b) the European Medicines Agency, (c) the European Commission, and (d) Japanese Ministry of Health, Labour and Welfare, and in each of (a) through (d), including any successor thereto.

1.90 **"Regulatory Materials"** means regulatory applications, submissions, notifications, registrations, Marketing Approvals and/or other filings made to or with a Regulatory Authority that are necessary or AZ deems reasonably desirable in order to develop, manufacture, market, sell or otherwise Commercialize a Product in a particular country or regulatory jurisdiction. Regulatory Materials include INDs, MAAs, and NDAs.

1.91 "**Rigel Compounds**" means: (a) R788, R406, R423 and R531; (b) any compound Controlled by Rigel or its Affiliates having SYK Activity during the Term; and (c) any [*] or [*] of any compound covered by the foregoing clause (a) or (b) that is Controlled by Rigel or any of its Affiliates; provided that in (b) or due to the modification of (c), such compound has an [*] in [*] of [*].

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1.92 **"Rigel Know-How"** means all Information (excluding any published Rigel Patents) that is Controlled as of the Effective Date or thereafter during the Term by Rigel and/or its Affiliates and is reasonably necessary to Exploit the Compound or Product(s) in the Field, including any such Information made by or on behalf of Rigel or its Affiliate in the course of performing Rigel's obligations or exercising Rigel's rights under this Agreement which is Controlled by Rigel or such Affiliates. For clarity, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of Rigel.

1.93 **"Rigel Patents"** means all patents and patent applications that are Controlled as of the Effective Date or thereafter during the Term by Rigel and/or its Affiliates and rights to which are reasonably necessary to Exploit the Compound(s) or Product(s) in the Field, including: (i) all substitutions, divisions, continuations, continuations-in-part thereof (to the extent directed to the subject matter disclosed in a patent or patent application described above) and requests for continued examination of any of the foregoing, (ii) all patents issued from any of the foregoing patent applications, (iii) all reissues, renewals, registrations, confirmations, re-examinations, extensions, and supplementary protection certificates of any of the foregoing, and (iv) all foreign equivalents of any of the foregoing. For clarity, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of Rigel. Rigel Patents as of the Effective Date are listed in **Exhibit C**.

1.94 **"Rigel Technology"** means the Rigel Patents and Rigel Know-How.

1.95 **"Royalty Term"** has the meaning set forth in Section 8.5(h).

1.96 **"Serious Adverse Event"** means an Adverse Event/Adverse Drug Reaction that at any dose: results in death; is life threatening; requires in-patient hospitalization or prolongation of existing hospitalization; results in persistent or significant disability/incapacity; or is a congenital anomaly/birth defect; or is another important medical event that would normally fall within the scope of ICH Topic E 2 A Clinical Safety Data Management: Definitions and Standards for Expedited Reporting.

1.97 **"SEC"** means the US Securities and Exchange Commission.

1.98 **"Sole Inventions"** has the meaning set forth in Section 9.1.

1.99 **"Sublicensee"** has the meaning set forth in Section 7.2(a).

1.100 **"SYK"** means an enzyme comprised of the amino acid sequence for spleen tyrosine kinase as identified on Exhibit B, including all allelic variations or derivatives thereof, or homologues whose amino acid sequence has [*]% or greater homology with such sequence.

1.101 **"SYK Activity"** means the ability of a compound to selectively inhibit the activity of SYK in a manner that meets the criteria set forth in the Compound Assay Criteria.

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1.102 "**Systemic SYK Activity**" means, with respect to a compound, that such compound exhibits SYK Activity and [*], as determined using the [*] assay as described in the publication by [*] in the [*] in [*] entitled "[*]."

1.103 **"[*]"** means a Product with [*]:

(i) Treatment of the signs and symptoms of RA; and

(ii) [*].

In addition, the Product label will [*] for [*] that [*] in the [*]. For clarity, the conduct of a [*] for [*] or other [*] studies shall not be deemed a [*] for [*].

For the purposes of this definition, "[*]" means those RA patients who have had an [*] to a [*].

1.104 **"[*]"** means a Product with [*]:

(i) Reduction in signs and symptoms of RA; and

(ii) [*].

In addition, the Product label will not [*] for [*] that [*] in the [*]. For clarity, the conduct of a [*] for [*] or other [*] studies shall not be deemed a [*] for [*].

For the purposes of this definition, "[*]" means those RA patients who have had an [*] to a [*].

1.105 **"Term"** has the meaning set forth in Section 13.1.

1.106 **"Territory"** means all countries and territories in the world.

1.107 **"Third Party"** means any entity other than Rigel or AZ or an Affiliate of either of them.

1.108 **"Transition Plan"** means a transition plan agreed upon by the Parties that governs the initial technology transfer from Rigel to AZ after the Effective Date, a copy of which is attached hereto as Exhibit D.

1.109 **"U.S."** means the United States and all its possessions and territories, including Puerto Rico.

1.110 **"Valid Claim"** means: (a) a claim (including [*]) of an issued and unexpired patent which has not been held invalid or unenforceable by a court of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid by the owner through reissue, disclaimer or otherwise, or an enforceable supplementary protection certificate or equivalent resulting therefrom; or (b) a claim (including [

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*]) of a pending patent application which has not been pending for more than [*] ([*]) years from the date of [*].

ARTICLE 2

GOVERNANCE

2.1 **Overview**. AZ shall be primarily responsible for the development, Manufacture and Commercialization of the Products in the Field in the Territory as set forth in this Agreement. AZ agrees to use Diligent Efforts to develop and Commercialize the Product in the Field throughout the Territory and in particular, AZ agrees to use Diligent Efforts to pursue the development and Commercialization of the R788 Product in RA as set forth in this Agreement.

2.2 **Joint Steering Committee**.

(a) **Purpose; Formation.** The Parties hereby establish a joint steering committee (the **"JSC"**) that will monitor and oversee AZ's activities under this Agreement and facilitate communications between the Parties with respect to the development and commercialization of the Product.

(b) **Composition.** The JSC shall consist of six (6) members, with three (3) members appointed by each Party. Each Party shall appoint its initial members of the JSC by providing written notification to the other Party within [*] ([*]) days after the Effective Date. The JSC shall be comprised of an appropriate representation from each Party and with appropriate experience to facilitate discussion of the issues within the remit of the JSC, it being acknowledged that such representation may change over time. The JSC may change its size from time to time by mutual consent of its members provided that the JSC shall at all times consist of an equal number of representatives of each of Rigel and AZ. Each Party may replace its JSC representatives at any time upon written notice to the other Party. The JSC may invite non-members to participate in the discussions and meetings of the JSC, provided that such participants shall have no voting authority at the JSC. The JSC will be chaired by a representative selected by AZ. The role of the chairperson shall be to convene and preside at meetings of the JSC, but the chairperson shall have no additional powers or rights beyond those held by the other JSC representatives.

(c) **Specific Responsibilities**. In addition to its overall responsibility for monitoring and providing a forum to discuss AZ's activities under this Agreement, the JSC shall in particular:

(i) oversee AZ's activities under this Agreement relating to Products comprising Rigel Compounds, including the development, Manufacture and Commercialization of the Products in the Field in the Territory;

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(ii) review and comment on the Development Plan and amendments thereto, including reviewing and commenting on the overall strategy and design of all human clinical trials and other studies conducted under the Development Plan;

(iii) approve any change in the Development Plan that would [*], or [*], of the [*];

(iv) discuss the requirements for Marketing Approval of Products in the Territory;

(v) facilitate the flow of Information between the Parties with respect to the development of, and obtaining Marketing Approval for the Products;

(vi) review the results of Phase 3 Clinical Trials of Products;

(vii) review AZ's proposed timing for announcing the top line results of each of the Major Three RA Trials following the unblinding of such trial results; for the avoidance of doubt AZ shall notify Rigel either directly or via the JSC of its decision to unblind clinical data in whichever of the Three Major RA Trials shall be the first to report clinical data as further described in Section 15.13;

(viii) discuss and agree the reimbursement of any costs and expenses between the Parties at the FTE Rate as further described in herein;

(ix) discuss and agree any amendments to the Transition Plan;

(x) review strategies for obtaining, maintaining and enforcing patent protection for the Products within the Territory consistent with Article 9 herein;

(xi) review the Commercialization Plan to be prepared by AZ;

(xii) review and discuss AZ's scientific presentation and publication strategy relating to the Products in the Territory, and review and facilitate discussion of any requests in relation to Publications pursuant to Section 12.4;

(xiii) establish such additional joint subcommittees as it deems necessary to achieve the objectives and intent of this Agreement; and

(xiv) perform such other functions as appropriate to further the purposes of this Agreement as allocated to it in writing by the Parties.

(d) Meetings. The JSC shall meet on a [*] basisduring the Term unless the Parties mutually agree in writing to a different frequency for such meetings. The JSC may meet in person or by videoconference or by teleconference. Notwithstanding the foregoing, at least [*] ([*]) meetings per Calendar Year shall be in person unless the Parties mutually agree in writing to waive such requirement in exchange for a videoconference or teleconference. In-

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person JSC meetings will be held [*]. Each Party will bear the expense of its respective JSC members' participation in JSC meetings. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating in such meeting. The chairperson of the JSC will be responsible for preparing reasonably detailed written minutes of all JSC meetings that reflect, without limitation, material decisions made at such meetings. The JSC chairperson shall send draft meeting minutes to each member of the JSC for review and approval within [*] ([*]) Business Days after each JSC meeting. Such minutes will be deemed approved unless one or more members of the JSC objects to the accuracy of such minutes within [*] ([*]) Business Days of receipt.

(e) Decision-Making. The JSC shall act by consensus. The representatives from each Party will have, collectively, one (1) vote on behalf of that Party. If the JSC cannot reach consensus then, (i) for any disputes relating to Section [*] ([*]) or Section [*] ([*]), either Party shall have the right to [*]; and (ii) for all other disputes within the JSC, the final determination on any matter shall be made [*], provided that in the event of disagreement by the JSC on any matter which [*] the [*] or [*] for [*] of the [*] for [*] under the [*], such matter shall be submitted to the [*] of each Party (or equivalent senior officers having [*] responsibilities and designated by the [*]) for resolution. Such officers shall use good faith efforts to resolve promptly such matter, provided that if such individuals are unable to mutually agree upon the resolution to such matter within a [*] ([*]) Business Day period, then [*].

2.3 General Committee Authority. The JSC shall have solely the powers expressly assigned to it in this Article 2 and elsewhere in this Agreement and shall not have any power to otherwise amend, modify, or waive compliance with this Agreement.

2.4 Alliance Managers.

(a) Within [*] ([*]) days following the Effective Date, each Party will appoint (and notify the other Party of the identity of) a representative having the appropriate qualifications including a general understanding of pharmaceutical development and commercialization issues to act as its alliance manager under this Agreement ("**Alliance Manager**"). The Alliance Managers will serve as the primary contact points between the Parties for the purpose of providing each Party with information on the progress of the other Party's development and Commercialization of the Products and will be primarily responsible for facilitating the flow of information and otherwise promoting communication, coordination and collaboration between the Parties, providing single point communication for seeking consensus both internally within each Party's respective organization (including facilitating review of external corporate communications), and raising cross-Party and/or cross-functional disputes in a timely manner. Each Party may replace its Alliance Manager on written notice to the other Party.

(b) In addition to the periodic reports provided by AZ to Rigel through the JSC, AZ shall make available to Rigel such information about the development and Commercialization of the Compounds and the Products as may be reasonably requested by Rigel from time to time, through the Alliance Managers of the Parties. For the avoidance of doubt, Rigel acknowledges and agrees that AZ may refuse any request which it considers unreasonable

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with respect to any country that is not a Major Market, including any request to provide country specific commercialization reports, or reports on field-force activity or

allocation.

2.5 Discontinuation of Participation on the JSC. The JSC shall continue to exist until the first to occur of (a) expiry of the first Royalty Term of a Product comprising a Rigel Compound; (b) the Parties mutually agreeing to disband the JSC, or (c) Rigel providing to AZ written notice of its intention to no longer participate in the JSC. Following discontinuation of the JSC as described in (a), (b) or (c) above, the JSC shall have no further obligations under this Agreement and [*]. In addition, AZ may, [*], [*] following any [*].

ARTICLE 3

DEVELOPMENT

3.1 Development Plan.

(a) General. The development of each Product comprising a Rigel Compound shall be governed by a development plan (the **"Development Plan"**) that sets forth all non-clinical studies and human clinical trials of the Product in the Territory. The Development Plan shall also specify the plans and timeline for preparing the necessary Regulatory Materials and for obtaining Marketing Approval for each Product in the Field in the Territory. In addition, the Development Plan shall describe the high level global development strategy for the Products in the Territory. AZ shall be solely responsible for the development of the Products in the Field in the Territory, and shall assume responsibility to fund the On-Going Clinical Trials following the Effective Date and to conduct the On-Going Clinical Trials as soon as practicable following the Effective Date, except that Rigel shall continue to conduct [*] the Open Label Extension Study until the Open Label Extension Study Transfer Date as set forth in Section 3.7 below. AZ shall have the sole right and responsibility for preparing the Development Plan for each Product, subject to review and comment by the JSC. With respect to JSC's review on matters, AZ will consider in good faith Rigel's comments via the JSC.

(b) Initial Development Plan. The initial Development Plan is attached hereto as **Exhibit E**, which describes the overall plan and timeline to develop the R788 Product in the RA Indication in the Territory.

3.2 AZ Development Activities.

(a) AZ shall use Diligent Efforts to develop the Products in the Territory, including using Diligent Efforts to carry out the development and pursue Marketing Approval for the R788 Product in the RA Indication in accordance with the Development Plan (including the global development strategy set forth therein) and shall, subject to AZ's obligation to use Diligent Efforts to develop the R788 Product in the RA Indication (inclusive of the provisions set forth in Section 3.2(b)), have the right to [*]. In the event that AZ determines to [*], AZ shall promptly provide Rigel with written notification of such determination and shall use Diligent Efforts to [*] in the Territory. For the avoidance of doubt, AZ may, subject to its obligation to

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use Diligent Efforts, have the option to prioritize any development in any indications beyond the RA Indication.

(b) Specifically and without limiting the foregoing, AZ shall Commence each of the [*] Trials within [*] ([*]) months after the Effective Date, provided that such timeline shall be reasonably extended [*]. For the avoidance of doubt the "Commencement" of each of the Major Three RA Trials may be undertaken, at AZ's sole discretion, either by AZ itself or through its Affiliate or its subcontractor.

(c) The status, progress and results of AZ's development activities shall be discussed in reasonable detail at meetings of the JSC, and AZ shall provide the JSC with a written report on the status and progress of its activities on a [*] basis prior to each JSC meeting. AZ shall report to Rigel material adverse regulatory developments with respect to Products, promptly after reporting such results and developments to AZ management. In addition, AZ shall report to Rigel the results of the Major Three RA Trials, promptly after the results of all of the Major Three RA Trials have been reported to AZ management and in accordance with AZ's then internal policies relating to the reporting of such results, as generally and consistently applied throughout AZ's organization. For the avoidance of doubt, Rigel acknowledges and agrees that the [*].

(d) Except as provided elsewhere in this Agreement including in the Transition Plan, AZ shall bear one hundred percent (100%) of the costs and expenses incurred by it in connection with the conduct of AZ's development activities under this Agreement. In the event AZ requests Rigel to perform any development activities hereunder (such as requesting Rigel to [*]), AZ shall reimburse Rigel for all costs and expenses reasonably incurred by Rigel (including Rigel's internal costs and Out-of-Pocket Expenses) in connection with such activities, at the FTE Rate.

(e) AZ shall maintain complete and accurate records, as generally and consistently applied throughout AZ's organization, of all work conducted by it under the Development Plan and all Information resulting from such work. Solely to the extent reasonably believed by Rigel to be required for patent or regulatory purposes or for other legal proceedings in connection with this Agreement, Rigel may, by submitting requests to AZ's Alliance Manager, request copies of such records, and AZ shall comply with Rigel's reasonable requests.

3.3 [*].

(a) AZ represents and warrants that as of the Execution Date the compounds listed in Exhibit A [*] which AZ reasonably believes [*].

(b) In the event that during the Term AZ intends to Commence any Clinical Trial in the Field relating to a compound, other than a Rigel Compound, where [*], AZ shall notify Rigel in writing (i) whether such compound [*] and (ii) if so, whether such compound [*]. In the event that Rigel disputes whether such compound should have been [*], the Parties shall discuss in good faith such dispute and AZ shall provide Rigel with access to [*]

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reasonably determines necessary in order to [*]. In the event that the Parties fail to resolve such dispute, either Party may seek to resolve such matter through the dispute resolution process set forth in Article 14.

3.4 Development Decision Making. Except as otherwise expressly provided in this Agreement, all matters regarding the development activities hereunder shall be decided by AZ.

3.5 Development Standards of Conduct. AZ shall use Diligent Efforts to carry out the Development Plan and in a good scientific manner, in compliance in all material respects with all Applicable Laws.

3.6 Subcontracts. AZ may perform any of the obligations assigned to it under the Development Plan through, at its sole discretion, one or more subcontractors or consultants, provided that: (a) AZ remains responsible for the work allocated to, and the payment to, the subcontractors and consultants retained by it; and (b) the subcontractor or consultant undertakes in writing obligations of confidentiality and non-use regarding Confidential Information, that are substantially the same as those undertaken by the Parties pursuant to Article 12 hereof.

3.7 Open Label Extension Study.

(a) Responsibility as of the Execution Date. The Parties acknowledge that, as of the Execution Date, Rigel is conducting the Open Label Extension Study. The Parties agree that Rigel shall continue to conduct such Open Label Extension Study on behalf of AZ [*] following the Effective Date and for a period of [*] following such date (the end of such [*] period, the "**Open Label Extension Study Transfer Date**"), notwithstanding the date of transfer to AZ. Rigel shall conduct such Open Label Extension Study in a good scientific manner, in compliance in all material respects with all Applicable Laws and all applicable portions of the Transition Plan. Rigel acknowledges and agrees that in the event that (i) Rigel has failed to comply with its material obligations under the Transition Plan, solely to the extent relevant to the Open Label Extension Study; and (ii) AZ is not in material breach of its obligations under the Transition Plan, solely to the extent relevant to the Open Label Extension Study, then, solely with respect to [*] the Open Label Extension Study Transfer Date shall be extended until such time as Rigel has fulfilled its material obligations under the Transition Plan with respect to the Open Label Extension Study. To the extent such transfer is set forth in the Transition Plan, the allocation of costs and expenses in connection with such transfer shall be in accordance with Section 6.2(k). In the event that either Party requests the other Party to perform any development activities relating to the Open Label Extension Study which are not specific to transition activities and which are not otherwise covered in the Transition Plan during such [*] period, the requesting Party shall reimburse the other Party for all costs and expenses reasonably incurred by such other Party (including internal costs and Out-of-Pocket Expenses) in connection with such activities, at the FTE Rate. Prior to the Open Label Extension Study Transfer Date, the Parties shall in good faith agree on a process to transfer to AZ the responsibility for the conduct of such Open Label Extension Study, and shall cooperate to ensure that such transfer be complete by the Open Label Extension Transfer Date.

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(b) Responsibility following the Open Label Extension Study Transfer Date Following the Open Label Extension Study Transfer Date, AZ shall be solely responsible for the conduct of such Open Label Extension Study, at its sole cost and expense. For the avoidance of doubt, AZ shall be responsible for [*] the Open Label Extension Study [*] following the Effective Date. AZ hereby grants Rigel a non-exclusive license under the AZ Technology solely for the purpose of conducting the Open Label Extension Study pursuant to this Section 3.7. Rigel shall have the right to engage subcontractors and consultants for the purpose of conducting such Open Label Extension Study, provided that: (a) Rigel remains responsible for the work allocated to, and the payment to, the subcontractors and consultants retained by it; (b) the subcontractor or consultant undertakes in writing obligations of confidentiality and non-use regarding Confidential Information, that are substantially the same as those undertaken by the Parties pursuant to Article 12 hereof; and (c) the subcontractor or consultant agrees in writing to assign all intellectual property developed in connection with the performance of any such work to Rigel. For the avoidance of doubt all such intellectual property shall be deemed Rigel Technology and shall form part of the license granted to AZ as set forth in Section 7.1. Except with the prior approval of AZ, Rigel shall not engage subcontractors and consultants for the performance of the Open Label Extension Study other than those with which it is working as of the Execution Date.

3.8 Reimbursement of Costs. Each Party shall reimburse the other Party for any costs and expenses which the JSC approves in accordance with Section 2.2(c)(viii). Any payments made by a Party shall be made quarterly in arrears within [*] ([*]) days following receipt of invoice from the other Party for such costs and expenses during a given Calendar Quarter, which invoice shall set out the FTEs authorized by the JSC and shall be issued by the Party seeking reimbursement no later than [*] ([*]) days following the relevant Calendar Quarter. In no event shall a Party be obligated to pay for FTEs in excess of those authorized unless prior approval has been granted by the JSC.

ARTICLE 4

REGULATORY MATTERS

4.1 Regulatory Transition. Within [*] ([*]) days after the Effective Date, Rigel shall assign to AZ or its designee all Regulatory Materials and all electronic documents related to all such Regulatory Materials regarding the Products that are Controlled by Rigel and/or its Affiliates as of the Effective Date; *provided, however*, that all original copies of any such documents shall be transferred to AZ within [*] ([*]) days following the Effective Date. Upon request by AZ, Rigel shall deliver notices of any such assignment to the applicable Regulatory Authorities within [*] ([*]) days after the Effective Date. Thereafter, AZ shall become responsible for: (a) making all regulatory filings with respect to the Products, either itself or through its Affiliates or Sublicensees; (b) obtaining and maintaining Marketing Approvals throughout the Territory in the name of AZ, or its Affiliates or Sublicensees; and (c) determining the label for the Products, including whether or not to accept changes proposed by any Regulatory Authority. In addition, upon request by AZ, Rigel shall (i) at any time during the Term, deliver notices of any such assignment to the applicable Regulatory Authorities directly or

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via AZ, together with any other certification required from the Product owner, to enable any IND, CTA, NDA or MAA to be accepted for review by the relevant Regulatory Authority; and (ii) provide AZ with any advice regarding studies conducted by Rigel or on behalf of Rigel regarding the Product that is required to allow AZ to respond to any Regulatory Authority that raises a question in relation to such studies during evaluation of any regulatory submission. Further, Rigel shall provide to AZ the following items to the extent Controlled by Rigel and/or its Affiliates:

(a) original documents and word electronic versions of Regulatory Materials as required by AZ to support NDA and MAA filings, including all Information required by AZ to generate the quality section of the NDA and the MAA; and

(b) all non-clinical study reports and clinical study reports for any data in each case regarding the Products generated by Rigel directly or via any contract research organization, including electronic data sets of the source information.

For the avoidance of doubt, Rigel shall bear its internal costs incurred in connection with all assistance and activities to be undertaken by Rigel as described in this Article 4, and AZ shall reimburse Rigel for all Out-of-Pocket Expenses incurred by Rigel in connection therewith.

4.2 Regulatory Materials and Approvals.

(a) Rights and Obligations.

(i) AZ shall own and submit all Regulatory Materials and documents related to the development of the Products;

(ii) AZ shall keep Rigel informed, via participation on the JSC of regulatory developments specific to Products throughout the Territory;

(iii) AZ shall provide to Rigel an electronic copy of the complete NDA together with any updates to the NDA, together with electronic copies of modules 1 and 2 of the European MAA, together with the equivalent sections of any variations to the MAA; and

(iv) AZ shall, so far as practicable, provide Rigel with reasonable advance notification of any significant in-person meeting or teleconference with the FDA and EMEA, and Rigel shall have the right to [*] have its representatives attend and participate in all significant meetings between AZ (or its Affiliates or Sublicensees) and the FDA and EMEA relevant to any Product at Rigel's cost. AZ shall in good faith [*] and if AZ [*] AZ will notify Rigel of such and its reasoning.

4.3 Product Withdrawals and Recalls. In the event that any Regulatory Authority (a) threatens or initiates any action to remove any Product from the market in any country in the Territory or (b) requires AZ, its Affiliates, or its Sublicensees to distribute a "Dear Doctor" letter or its equivalent regarding use of such Product in the Field, AZ shall notify Rigel of such event within [*] ([*]) Business Days after AZ becomes aware of the action, threat, or requirement (as

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applicable). AZ shall, so far as practicable, consult with Rigel prior to initiating a recall or withdrawal of Product in any country or regulatory jurisdiction in the Territory; provided, however, that the final decision as to whether to recall or withdraw a Product shall be made by AZ. AZ shall be responsible, at its sole expense, for conducting any recalls or taking such other necessary remedial action in the Territory.

4.4 Adverse Event Reporting; Safety Data Exchange and Medical Inquiries. Representatives of each Party will begin meeting as soon as possible but no later than [*] ([*]) days after the Effective Date of this Agreement and will work in good faith together to develop safety procedures for safety data transfers, and adverse event handling and reporting to Regulatory Authorities and sharing of emerging safety information from the clinical or pre-clinical work conducted by Rigel relating to the Products.

ARTICLE 5

COMMERCIALIZATION

5.1 Overview. AZ shall be responsible for commercializing the Products in the Field in the Territory and shall have the sole right to make decisions relating to such activities, with the oversight of the JSC. AZ shall use Diligent Efforts to Commercialize the Products for the RA Indication and all other approved Indications. Notwithstanding the foregoing, AZ's application of such Diligent Efforts shall not require AZ to Commercialize a Product in any country or territory in which AZ determines it is not commercially reasonable to do so for such Product.

5.2 Commercialization Plan. The strategy for the commercialization of each Product in the Territory shall be described in a global plan that describes the pre-launch, launch and subsequent commercialization activities for such Product (each such plan, a **"Commercialization Plan"**). The Commercialization Plan shall be drafted by AZ and shall be shared with Rigel via the JSC. AZ shall consider any Rigel comments on such plan in good faith, provided that the final determination as to the content of the Commercialization Plan shall be made by AZ.

5.3 Commercialization Activities. AZ shall carry out the tasks under the Commercialization Plan in compliance in all material respects with all Applicable Laws and regulations, including the Foreign Corrupt Practices Act of 1977, as amended **("FCPA")**, and laws applicable to the sale and promotion of pharmaceutical products.

5.4 Commercialization Costs. AZ shall be solely responsible for all costs and expenses incurred in connection with the commercialization of the Products in the Territory.

5.5 Sales and Distribution. AZ shall be responsible for receiving and filling orders, controlling invoicing, collection of payments, returns, charge-backs and rebates on sales of the Products in the Territory, and shall have sole control over distribution of the Product in the Territory. Rigel may not accept orders for the Products or make sales for its own account or for

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AZ's account. If Rigel receives any order for the Products in the Territory, it shall refer such orders to AZ for acceptance or rejection.

5.6 Commercialization Updates. AZ shall keep the JSC fully informed regarding the progress of all material commercialization activities for the Products in the Territory.

5.7 Pricing. AZ shall be solely responsible for determining pricing and pricing and reimbursement strategy for the Products.

ARTICLE 6

TECHNOLOGY TRANSFER, MANUFACTURE AND SUPPLY

6.1 Overview. Subject to Section 6.2 below, AZ will be solely responsible for the manufacture of the Compound and Products in bulk and finished form for use by AZ under the Development Plan and for use and distribution by AZ under the Commercialization Plan.

6.2 Transfer of Technology and Manufacturing Responsibilities.

(a) Technology Transfer. Promptly after the Effective Date, Rigel shall, [*], transfer to AZ the Rigel Know-How existing as of the Effective Date, including (i) all Rigel Know-How relating to any On-Going Clinical Trials; and (ii) all Rigel Know-How that is necessary for AZ to replicate the process employed by or on behalf of Rigel to manufacture the Compound and R788 Product as of the Effective Date. Such initial technology transfer shall be carried out in accordance with the Transition Plan and shall be completed within [*] ([*]) days after the Effective Date. After Rigel has performed the technology transfer as set forth in the Transition Plan, Rigel shall continue to provide AZ with all Rigel Know-How and all reasonable assistance required in order to assist AZ to develop and/or manufacture the Compound and the Products then under development by AZ under this Agreement, including such assistance as is reasonably required by AZ to replicate the process employed by or on behalf of Rigel to manufacture the Compound and R788 Product as of the Effective Date at AZ's reasonable request. AZ shall reimburse Rigel for Rigel's internal (at the FTE Rate) and Out-of-Pocket Expenses incurred in connection with the rendering of any such assistance unless such assistance requires only de minimus efforts by Rigel personnel and does not require the engagement of any Third Party.

(b) Right to Manufacture. Subject to the limited rights granted to Rigel and to any Third Parties under the Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement (each as defined below), AZ shall have the sole and exclusive right to (a) conduct or have conducted Manufacturing with respect to Compounds and Products and (b) Manufacture or have Manufactured Compound and Products. For clarity, AZ shall have the right, in its sole discretion, to determine the specifications with respect to any Compound or Product.

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(c) Existing Manufacturers. Rigel represents and warrants that as of the Effective Date, (i) [*] and [*] (together "[*]" or the "**Existing Compound Manufacturer**") is manufacturing and supplying to Rigel R788 in bulk form under the Master Terms and Conditions by and between Rigel and the Existing Manufacturer, effective [*] (the "**Existing Compound Manufacturing Agreement**"); and (ii) [*] (the "**Existing Product Manufacturer**") is manufacturing and supplying to Rigel the R788 Product in packaged form under the Master Services Agreement by and between Rigel and the Existing Product Manufacturer, effective [*] (the "**Existing Product Manufacturing Agreement**"). In order to minimize supply interruption, the Parties intend to continue to engage the Existing Compound Manufacturer for the supply of the bulk R788 and the Existing Product Manufacturer for the supply of packaged R788 Product during the conduct of a program of Phase 3 Clinical Trials for the R788 Product for RA. As part of the initial technology transfer under the Transition Plan, Rigel shall assign to AZ or its designee, at no additional cost and expense to AZ, all of Rigel's rights and obligations under the Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement, to the extent Rigel is permitted to do so under such Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement, and AZ shall cooperate with Rigel to carry out such assignment. For the avoidance of doubt, except as expressly set forth in Section 6.2(i), Rigel shall remain fully responsible for its acts, omissions, liabilities and breaches connected with the Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement existing prior to the date of any assignment to AZ.

(d) Existing Starting Material Suppliers. As part of the initial technology transfer under the Transition Plan, to the extent set forth in such Transition Plan, Rigel shall assign to AZ or its designee, at no additional cost and expense to AZ, all of Rigel's rights and obligations under supply agreements in place with suppliers for R788 starting materials (RIG-A, RIG2-05, RIG2-12, RIG2-13 & RIG2-15), to the extent Rigel is permitted to do so under such agreements, and AZ shall cooperate with Rigel to carry out such assignment.

(e) Existing R788 Supply Chain Services Suppliers. As part of the initial technology transfer under the Transition Plan, to the extent set forth in such Transition Plan, Rigel shall assign to AZ or its designee, at no additional cost and expense to AZ, all of Rigel's rights and obligations under services agreements in place with suppliers of R788 supply chain services, to the extent Rigel is permitted to do so under such agreements, and AZ shall cooperate with Rigel to carry out such assignment.

(f) Interim Supply. Until AZ establishes a direct contractual relationship with the Existing Compound Manufacturer and the Existing Product Manufacturer as described in Section 6.2(c) above, to the extent necessary for AZ to carry out its development obligations under the Development Plan, Rigel shall obtain supply from its Existing Compound Manufacturer and Existing Product Manufacturer R788 in bulk form and the R788 Product in packaged form, at AZ's request (to the extent consistent with the Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement) and at AZ's expense, for AZ's development activities under this Agreement. For the avoidance of doubt there shall be [*] to obtain supply from its Existing Compound Manufacturer and Existing Product

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Manufacturer, provided that AZ agrees to reasonably co-operate with Rigel and to negotiate with the Existing Compound Manufacturer and Existing Product Manufacturer in good faith to assist Rigel in ensuring such assignment to AZ.

(g) Transfer of Supplier Relationships. Promptly after the Effective Date, the Parties shall use Diligent Efforts to establish a direct contractual relationship between AZ and the Existing Compound Manufacturer and the Existing Product Manufacturer, either by AZ's assumption of the Existing Compound Manufacturing Agreement and the Existing Product Manufacturing Agreement or otherwise.

(h) Existing Inventory. The Parties acknowledge that, as of the Effective Date, Rigel is in possession of an existing inventory of: (i) cGMP-grade Compound and R788 Product in bulk and finished form; (ii) with respect to R788 Product, cGMP-grade materials of the following: work-in-progress, starting materials, analytical standards, samples, radio-labeled compounds; and (iii) certain equipment specifically designed to produce the R788 Product (the "**R788 Inventory**"), and an estimate of the quantities of such R788 Inventory is set forth on **Exhibit F** attached hereto. Rigel agrees to assign to AZ, [*], all of its rights, title and interest in the R788 Inventory as part of the initial technology transfer under the Transition Plan, except that Rigel may retain sufficient quantities of R788 Inventory solely for its use in the conduct of the Open Label Extension Studies and to fulfill its obligations under the NCI Agreement as such agreement exists as of the Execution Date.

(i) API Transfer. AZ agrees that it shall be responsible for the costs for final supply of a [*] campaign of R788 active pharmaceutical ingredient which as of the Execution Date is being manufactured by [*] for Rigel under the Existing Compound Manufacturing Agreement, [*]. The Parties understand that Rigel intends to assign such Existing Compound Manufacturing Agreement to AZ under Section 6.2(c), and accordingly, in the event that such contract has been assigned to AZ at the time such costs become due, AZ shall be directly responsible for paying such costs to [*]. If, at the time any portion of such costs becomes due to [*], such agreement has not been assigned to AZ, then Rigel shall be responsible for paying such portion of costs to [*] and shall subsequently invoice AZ and within [*] ([*]) days of

payment to [*], following which AZ shall pay such portion of costs to Rigel within [*] ([*]) days of receipt of invoice. In no event shall AZ be liable for [*] except as expressly set forth in this Agreement or as otherwise agreed in writing between the Parties or as agreed between AZ and [*].

(j) Assignment of Rights. The assignment by Rigel of any of the agreements to AZ as contemplated in this Section 6.2 shall not require Rigel to assign its rights and/or interest in and to any of the Rigel Patents and/or Rigel Know-How, regardless of whether Rigel obtained the rights to such Rigel Patents or Rigel Know-How under such agreements.

(k) Transition Plan Costs. Except as specifically provided in the Transition Plan or elsewhere under this Article 6, each Party shall bear all of its internal costs incurred in connection with the activities, work, technology transfer and assignments described in the Transition Plan as of the Execution Date, and AZ shall reimburse Rigel for Rigel's Out-of-Pocket Expenses incurred in connection with the activities, work, technology transfer and assignments described in the Transition Plan as of the Execution Date. AZ shall bear all costs and expenses, and shall reimburse Rigel for its internal and Out-of-

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Pocket Expenses, incurred by Rigel in connection with any activities that are requested by AZ and that are not included in the Transition Plan as of the Execution Date unless such activities require only de minimus efforts by Rigel personnel and do not require the engagement of any Third Party.

ARTICLE 7

LICENSES AND EXCLUSIVITY

7.1 License to AZ under Rigel Technology.

(a) License Grant. Subject to the terms and conditions of this Agreement (including Rigel's retained rights under Section 7.3 below), Rigel hereby grants AZ a royalty-bearing, fully sublicenseable exclusive license, under Rigel's and its Affiliate's rights, titles, and interests in and to the Rigel Technology, to Exploit the Compound and the Product(s) in the Field in the Territory.

(b) Access to Safety Information. Rigel hereby grants AZ a royalty-free, fully sublicensable, non-exclusive license to any safety Information relating to any Rigel Compounds [*] that are Controlled by Rigel, solely as required pursuant to the request or notification of any Regulatory Authority or as otherwise required pursuant to Applicable Laws. AZ acknowledges and agrees that Rigel has certain existing contractual obligations as of the Execution Date which preclude such disclosure to AZ and that Rigel shall not be required to make such disclosure under this Section 7.1(b) to the extent prohibited under such other contractual obligations.

(c) Exclusions. For avoidance of doubt, the licenses granted to AZ under this Agreement shall not include any rights for AZ to (i) modify, enhance, improve, optimize or otherwise derivatize a Compound in a manner than results in a molecule that is not a Compound, or (ii) research, develop, make, have made, use, sell, offer for sale or import any other proprietary compound of Rigel (including any proprietary compound which Rigel licenses to a Third Party) that is not a Compound.

7.2 Sublicenses and Distributorships.

(a) Scope of Permissible Sublicensing. The license granted by Rigel to AZ in Section 7.1 may be sublicensed by AZ through multiple tiers of Sublicensees: (i) to its Affiliates in the Territory or in any country of the Territory without Rigel's prior written consent; (ii) to a Third Party in the U.S. or in any of the Major EU Countries, which sublicense shall require the prior written consent of Rigel ([*]) if granted [*] the First Commercial Sale of a Product in the first to occur of the U.S. or any Major EU Country; and (iii) to a Third Party in any other country(ies) of the Territory without the prior written consent of Rigel. AZ shall remain primarily responsible for the performance of its Sublicensees and shall use Diligent Efforts to

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cause its Sublicensees to comply with the terms and conditions of this Agreement. For the avoidance of doubt, where AZ grants a sublicense to a Person that is not an Affiliate of AZ, and such Person is not a Distributor, such Person shall be a "Sublicensee" for the purposes of this Agreement.

(b) Distributorships. AZ shall have the right, in its sole discretion, to appoint its Affiliates, and AZ and its Affiliates shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country of the Territory, to distribute, market and sell the Products, in circumstances where the Person purchases its requirements of Products from AZ or its Affiliates but does not otherwise make any royalty or other payment to AZ with respect to its intellectual property rights, provided that AZ shall remain primarily responsible for the performance of such Distributors. For the avoidance of doubt, where AZ appoints such a Person and where such Person is not an Affiliate of AZ, that Person shall be a "Distributor" for the purposes of this Agreement.

7.3 Rigel Retained Rights. Rigel retains the right to practice and license the Rigel Technology outside the scope of the license granted to AZ under Section 7.1. In addition, Rigel retains the right to collaborate with Third Parties on the Compound solely for research purposes only and solely as described under the material transfer agreements, research agreements and cooperative research and development agreement existing as of the Execution Date between Rigel and each such Third Party (collectively, the "**Research Agreements**"). Rigel shall remain fully responsible for its acts and omissions under such Research Agreements and, except as described in the Transition Plan, no responsibility or liability for such agreements shall pass to AZ by virtue of this Agreement.

7.4 Negative Covenant.

(a) Each Party covenants that it will not use or practice any of the other Party's intellectual property rights licensed to it under this Article 7 except for the purposes expressly permitted in the applicable license grant.

(b) Specifically and without limiting the foregoing, AZ covenants that it will not, except as expressly permitted under this Agreement and in particular under Section 7.1, use or practice any of Rigel's intellectual property rights licensed to it under this Article 7: (i) in an Excluded Indication; or (ii) in connection with any compound other than a Compound except as part of a Combination Product, subject in any case to Section 7.1(c)(ii).

7.5 No Implied Licenses. Except as explicitly set forth in this Agreement, neither Party grants to the other Party any license, express or implied, under its

intellectual property rights.

7.6 Exclusivity.

(a) No Existing Oral SYK Inhibitor Program. AZ hereby represents and warrants that, except as provided under this Agreement with respect to the Rigel Compounds, as

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of the Execution Date, it does not have commercial rights (including by means of an option agreement) to any Compound for which an IND has been filed, or equivalent action taken, by or on behalf of AZ or its Affiliates.

(b) Until the [*] of (i) [*]; and (ii) the [*] ([*]) anniversary of the First Commercial Sale of a R788 Product, except as permitted under this Agreement, neither Party nor its Affiliates will, directly or indirectly (including by means of any collaboration, license or option agreement with any Third Party), [*] any [*] any product comprising a compound [*].

(c) Until the [*] of (i) [*]; and (ii) [*], except as permitted under this Agreement, AZ and its Affiliates will not, directly or indirectly (including by means of any collaboration, license or option agreement with any Third Party), [*] in any [*] or [*], of any compound [*].

(d) Until [*], Rigel and its Affiliates will not, directly or indirectly (including by means of any collaboration, license or option agreement with any Third Party), [*] in the [*] with a compound that exhibits [*].

7.7 AZ Diligence. With respect to any compound which exhibits SYK Activity or any product comprising a compound which exhibits SYK Activity which AZ or its Affiliates acquire after the Effective Date (including by means of any collaboration, license or option agreement with any Third Party), and which compound or product AZ or its Affiliates intend to Commence any Clinical Trial or Commercialize in either the Major Indication or any Autoimmune Disorder, in each case via the oral route, AZ agrees that in assessing whether to Commence any Clinical Trial or Commercialize (i) such acquired compound or product; and/or (ii) any [*] Rigel Compound or associated Product, AZ shall have regard to the commercial and scientific potential of such opportunities, taking into account their [*] and [*], their [*], the [*] of [*] and the [*] and [*] of their [*] (including [*] and [*]), the [*] of [*], their [*], [*] in making such determination. This Section 7.7 shall not be construed to limit AZ's exclusivity obligations under Section 7.6.

7.8 Right of First Negotiation in the Additional Indication. In the event that Rigel wishes to either itself develop and/or Commercialize or grant rights to a Third Party to develop and/or commercialize any Rigel Compound or corresponding Product in any Additional Indication, then Rigel shall first notify AZ in writing. AZ shall within [*] ([*]) days notify Rigel if it is interested in obtaining such rights. If AZ notifies Rigel of its interest in obtaining such rights, then Rigel and AZ shall negotiate in good faith the terms and conditions under which AZ will obtain from Rigel the right to develop and Commercialize the Rigel Compound or corresponding Product in such Additional Indication. If, despite good faith negotiations, Rigel and AZ do not enter into an agreement on the terms and conditions under which AZ would obtain such right within [*] ([*]) days after AZ provides Rigel written notice of its interest to obtain such right, then Rigel shall have the right to either by itself or via a Third Party develop and Commercialize the Rigel Compound and corresponding Product in such Additional Indication without further obligation to AZ provided that with respect to any such agreement with a Third

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Party, such agreement shall not be on terms which are more favorable to such Third Party than those last offered to AZ.

ARTICLE 8

FINANCIALS

8.1 Upfront Fee. In consideration of the rights and licenses granted under this Agreement, no later than [*] ([*]) days after the Effective Date, AZ shall pay to Rigel a non-refundable, non-creditable upfront fee of one hundred million dollars ($100,000,000) in cash by wire transfer of immediately available funds into an account designated by Rigel.

8.2 [*] Milestone and [*] Milestone. AZ shall make each of the following non-refundable, non-creditable milestone payments to Rigel for the achievement of the following milestone events: (i) in consideration of the services performed by Rigel relating to the [*], [*] Dollars ($[*]) within [*] ([*]) days after the [*]; and (ii) [*] Dollars ($[*]) within [*] ([*]) days after the [*] of the [*], in each case following receipt of invoice from Rigel.

8.3 Development and Regulatory Milestone Payments. AZ shall make milestone payments to Rigel based on achievement of certain development and regulatory milestone events in the specified indications as set forth in this Section 8.3 relating to Products comprising a Rigel Compound. AZ shall notify and pay to Rigel the amounts set forth in this Section 8.3 within [*] ([*]) days after the achievement of the applicable milestone event (as notified by AZ to Rigel and following receipt of invoice from Rigel). Each such payment shall be non-refundable and non-creditable against any other payment due under this Agreement. For the avoidance of doubt, [*].

(a) Major Indication. AZ shall make each of the following milestone payments to Rigel for the first Product comprising a Rigel Compound to achieve the corresponding milestone event for a Major Indication for which such milestone event has been met.

Milestone Event	Milestone Payment for First Product
[*]	$ [*]
[*]	$ [*]
[*]	$ [*]
[*]	$ [*]

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[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]

Each milestone in Section 8.3(a) shall be paid only once for the first Product to achieve such milestone. Each milestone event conditioned upon the Product meeting [*] shall be deemed to have been achieved if such Product meets [*], so that upon the triggering of a particular milestone event conditioned upon a Product meeting of [*], both the milestone payment corresponding to such [*] trigger and the milestone payment corresponding to the applicable [*] trigger will become due, if the milestone payment corresponding to such applicable [*] trigger has not been previously paid by AZ. In addition, if a Product achieves a First Commercial Sale in the Major Indication in a Major Market, such Product shall be deemed to have achieved at least [*], and the milestone payment corresponding to the First Marketing Approval of such Product for [*] in such country will become due if such milestone payment has not been previously paid by AZ.

(b) First Other Indication. AZ shall make each of the following milestone payments to Rigel for the first Product comprising a Rigel Compound to achieve the corresponding milestone event for the first Indication that is an Other Indication (the "**First Other Indication**") for which such milestone event has been met.

Milestone Event		Milestone Payment for First Product
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]

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[*]	$	[*]
[*]	$	[*]

Each milestone in Section 8.3(b) shall be paid only once for the first Product to achieve such milestone.

(c) Second Other Indication. AZ shall make each of the following milestone payments to Rigel for the first Product comprising a Rigel Compound to achieve the corresponding milestone event for the second Indication that is an Other Indication (the "**Second Other Indication**") for which such milestone event has been met.

Milestone Event		Milestone Payment for First Product
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]
[*]	$	[*]

Each milestone in Section 8.3(c) shall be paid only once for the first Product comprising a Rigel Compound to achieve such milestone.

8.4 Commercialization Milestone Payments. AZ shall make each of the milestone payments indicated below to Rigel when aggregate, cumulative Net Sales of all Product(s) comprising Rigel Compounds across all indications in the Territory first reach the specified dollar values in any Calendar Year. Each such milestone payment shall be non-refundable and non-creditable against any other payment due under this Agreement.

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Aggregate Net Sales in the Territory for all Products in a Calendar Year		Payment	
$	[*]	$	[*]
$	[*]	$	[*]
$	[*]	$	[*]
$	[*]	$	[*]
$	[*]	$	[*]

AZ shall notify and pay to Rigel the amounts set forth in this Section 8.4 within [*] ([*]) days after the end of the Calendar Quarter in which the applicable milestone event is achieved and following receipt of invoice from Rigel. Each milestone in this Section 8.4 shall be paid only once, and the maximum total amount of payment to Rigel pursuant to this Section 8.4 shall be eight hundred million dollars ($800,000,000). If more than one commercial milestone has been met for the first time during the same Calendar Year, then AZ shall remain obligated to make payments to Rigel for milestone payments triggered by the occurrence of each and every such

commercial milestone event.

8.5 Royalty Payments.

(a) Royalties for R788 Products.

(i) AZ shall pay to Rigel non-refundable, non-creditable royalties on the amount of Net Sales of all R788 Products sold in all countries of the Territory outside the U.S. (the "**Ex US Territory**"), as calculated by multiplying the applicable royalty rates by the corresponding amount of incremental Net Sales of all R788 Products in the Ex US Territory in such Calendar Year.

Annual Net Sales for all R788 Products in the Ex US Territory	Royalty Rate
Portion less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%

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Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*]	[*]%

(ii) AZ shall pay to Rigel non-refundable, non-creditable royalties on the amount of Net Sales of all R788 Products sold in the U.S., as calculated by multiplying the applicable royalty rates by the corresponding amount of incremental Net Sales in the U.S. of all R788 Products in such calendar year.

Annual Net Sales for all R788 Products in the U.S.	Royalty Rate
Portion less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*]	[*]%

(b) Royalties for Follow-On Products. AZ shall pay to Rigel non-refundable, non-creditable royalties on the amount of Net Sales of all Follow-On Products sold in all countries of the Territory, as calculated by multiplying the applicable royalty rates by the

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corresponding amount of incremental Net Sales of all Follow-On Products in the Territory in such Calendar Year, subject to adjustment as provided below in this paragraph (b).

(i) In respect of Net Sales of Follow-On Products in any Major Indication, the applicable royalty rates shall be as described in Section 8.5(a)(i) with respect to Net Sales of R788 Products in the Ex U.S. Territory.

(ii) In respect of Net Sales of Follow-On Products in any Other Indication, the applicable royalty rates shall be as described below:

Annual Net Sales for all Follow-On Products in any Other Indication in the Ex US Territory	Royalty Rate
Portion less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than or equal to $[*] and less than $[*]	[*]%
Portion greater than $[*]	[*]%

For clarity, (i) the royalty rates set forth in Section 8.5(a)(i) shall apply to all of the Net Sales of any Follow-On Product for which Marketing Approval is obtained by AZ, its Affiliates or Sublicensees for any of the Major Indications, regardless of whether Marketing Approval is also obtained for such Follow-On Product for any indication other than a Major Indication; (ii) such royalty rates shall not apply retrospectively in the event that Marketing Approval is first obtained for any indication other than a Major Indication.

(c) Know-How Royalty. In any country in the Territory where the sale of a Product in such country is not covered by a Valid Claim [*] of such Product or [*] such Product [*] in such country, AZ shall owe royalties under Section 8.5(a) or (b), as applicable, on the Net Sales of such Product in such country at rates that are [*] percent ([*]%) of the rates otherwise payable under Section 8.5(a) or (b), as applicable. If a Valid Claim later issues that covers such [*] in such country, then this paragraph (c) shall no longer apply, but the later issuance of such Valid Claim shall not have any retroactive effect.

(d) Loss of Market Exclusivity. In the event of a Loss of Market Exclusivity in any country, then the royalty rates applicable to Net Sales under Section 8.5(a) and (b) of such Product in such country shall be reduced by [*] percent ([*]%).

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(e) Compulsory License. In the event that a court or governmental agency of competent jurisdiction requires AZ or an AZ Affiliate to grant a compulsory license to a Third Party permitting such Third Party to make and sell the Product in a country, then for the purposes of calculating the royalties of such Product under Section 8.5(a) and (b), [*] percent ([*]%) of the Net Sales in such country shall be disregarded.

(f) Third Party Payments and Obligations. Rigel shall remain responsible for the payment of royalty, milestone and other payment obligations, if any, due to Third Parties under any Rigel Patents or Rigel Know-How which has been licensed to Rigel prior to the Effective Date and is sublicensed to AZ under this Agreement. All such payments shall be made promptly by Rigel in accordance with the terms of its license agreement. In the event that AZ determines that rights to intellectual property owned or controlled by a Third Party are required to fully Commercialize the Products under this Agreement, AZ shall have the right to negotiate and acquire such rights through a license or otherwise and to deduct from the royalty payments due to Rigel [*] percent ([*]%) of the amounts paid (including milestone payments, royalties or other license fees) by AZ to such Third Party; provided, however, that in no event shall the amounts due to Rigel from AZ be reduced by more than [*] percent ([*]%) in respect of a particular royalty payment or in any Calendar Quarter. [*]. Rigel agrees to fully cooperate with AZ to acquire such rights.

(g) Maximum Amount of Royalty Reduction. In no event shall the royalty rate payable to Rigel under Section 8.5(a) or (b) in respect of any particular country be reduced by more than [*] percent ([*]%) in any Calendar Quarter as a result of the reductions set forth in Sections 8.5(c), (d), (e) or (f). [*].

(h) Royalty Term. Subject to Section 8.6, royalties due under Sections 8.5(a) or (b), as applicable, with respect to a particular Product in a particular country, will commence upon the First Commercial Sale of such Product in such country and will be payable until the later of (i) the expiration of the last to expire Valid Claim [*] in such country that covers the Product, [*], and (ii) [*] ([*]) years after the First Commercial Sale of such Product in such country (such period, the "**Royalty Term"**). Following the Royalty Term with respect to a particular Product and country, the license to AZ set forth in Section 7.1 shall continue in effect but shall become fully paid-up, royalty-free, transferable, perpetual and irrevocable with respect to such Product and such country.

(i) Royalty Payments and Reports. All amounts payable to Rigel pursuant to this Section 8.5 shall be paid in Dollars within [*] ([*]) days after the end of each Calendar Quarter (as reported by AZ to Rigel and invoiced by Rigel). For the purposes of calculating the royalty payment in any Calendar Quarter, AZ shall calculate the cumulative royalty payments for the current Calendar Year and deduct royalty payments made in respect of previous Calendar Quarters, if any, for such Calendar Year to establish the current royalty payment with respect to such Calendar Quarter. AZ shall submit to Rigel a statement, on a country-by-country basis, of the sales volume of Product in the Territory during the applicable Calendar Quarter, Net Sales and a calculation of the amount of royalty payment due on such sales for such Calendar Quarter,

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sufficiently in advance before the royalty payment becomes due to allow Rigel to issue the invoice to AZ for such royalty payments.

8.6 Applicable Royalty Term in the Event of Multiple Products. The Parties acknowledge and agree that the royalty rates described in Section 8.5(a) for R788 Products reflect the fact that as of the Execution Date, R788 is the most advanced Compound in development in a Major Indication. Accordingly, in the event that during the R788 Product Royalty Term any Follow-On Product is Commercialized, with respect to Net Sales of such Follow-on Product, then notwithstanding the provisions of Section 8.5, the Parties agree as follows:

(a) For any Follow-On-Product comprising [*] in any Other Indication, the applicable royalty rate for Net Sales of such Follow-On Product shall be as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) during the R788 Product Royalty Term and [*] percent ([*]%) for Net Sales following the expiry of the R788 Product Royalty Term;

(b) For any Follow-On-Product comprising [*] in any Other Indication, the applicable royalty rate for Net Sales of such Follow-On Product shall be as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) during the Royalty Term of such Follow-On-Product, irrespective of when the R788 Product royalty Term expires;

(c) For any Follow-On-Product comprising [*] in a Major Indication, the applicable royalty rate for Net Sales of such Follow-On Product shall be as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) during the R788 Product Royalty Term and [*] percent ([*]%) for Net Sales following the expiry of the R788 Product Royalty Term;

(d) For any Follow-On-Product comprising [*] in a Major Indication, the applicable royalty rate for Net Sales of such Follow-On Product shall be as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) during the R788 Product Royalty Term and as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) following the expiry of the R788 Product Royalty Term and for the remainder of the Royalty Term of such Follow-On-Product;

(e) For any Follow-On-Product comprising [*] which has First Commercial Sale in an Other Indication and achieves subsequent Marketing Approval in a Major Indication, the applicable royalty rate for Net Sales of such Follow-On-Product shall be (i) as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) with respect to Net Sales in the Other Indication prior to First Commercial Sale in a Major Indication; (ii) thereafter as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) for all Net Sales of such Follow-On-Product (irrespective of the Indication) during the R788 Product Royalty Term; and (iii) thereafter [*] percent ([*]%) for Net Sales of such Follow-On-Product (irrespective of the Indication) following the expiry of the R788 Product Royalty Term;

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(f) For any Follow-On-Product comprising [*] which has First Commercial Sale in an Other Indication and achieves subsequent Marketing Approval in a Major Indication, the applicable royalty rate for Net Sales of such Follow-On-Product shall be (i) as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) with respect to Net Sales in the Other Indication prior to First Commercial Sale in a Major Indication; (ii) thereafter as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) for all Net Sales of such Follow-On-Product (irrespective of the Indication) during the R788 Product Royalty Term; and (iii) thereafter as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) (irrespective of the Indication) following the expiry of the R788 Product Royalty Term and for the remainder of the Royalty Term of such Follow-On-Product;

(g) For any Follow-On-Product comprising [*] which has First Commercial Sale in a Major Indication and achieves subsequent Marketing Approval

in an Other Indication, the applicable royalty rate for Net Sales of such Follow-On-Product shall be (i) as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) for all Net Sales of such Follow-On-Product (irrespective of the Indication) during the R788 Product Royalty Term; and (ii) thereafter [*] percent ([*]%) for Net Sales of such Follow-On-Product (irrespective of the Indication) following the expiry of the R788 Product Royalty Term;

(h) For any Follow-On-Product comprising [*] which has First Commercial Sale in a Major Indication and achieves subsequent Marketing Approval in an Other Indication, the applicable royalty rate for Net Sales of such Follow-On-Product shall be (i) as described in Section 8.5[*] (ie [*]%, [*]%, [*]%, [*]%, [*]% or [*]% respectively) for all Net Sales of such Follow-On-Product (irrespective of the Indication) during the R788 Product Royalty Term; and (ii) thereafter as described in Section 8.5[*] (ie [*]%, [*]%, [*]% or [*]% respectively) (irrespective of the Indication) following the expiry of the R788 Product Royalty Term and for the remainder of the Royalty Term of such Follow-On-Product;

(i) In the event that (i) there is no R788 Product Royalty Term (ie no First Commercial Sale of the R788 Product); and (ii) two or more Follow-On-Products achieve First Commercial Sale, the provisions set forth above in sub-sections (a)-(h) shall apply with respect to the Royalty Term of the first Follow-On-Product and all references to the R788 Product Royalty Term as described in (a)-(h) above shall be replaced by references to the Royalty Term of the first Follow-On-Product;

(j) For the avoidance of doubt, notwithstanding the provisions of this Section 8.6, the royalty reductions set forth in Sections 8.5(c), (d), (e) and (f) shall apply with respect to each respective Product.

8.7 Taxes.

(a) The royalties, milestones and other amounts payable by AZ to Rigel pursuant to this Agreement ("Payments") shall not be reduced on account of any taxes unless required by Applicable Laws. AZ shall deduct and withhold from the Payments any taxes that it is required by Applicable Laws to deduct or withhold on Rigel's behalf. Notwithstanding the

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foregoing, if Rigel is entitled under any applicable tax treaty to a refund, reduction of rate, or the elimination of, applicable withholding tax, it may deliver to AZ or the appropriate Governmental Authority with the assistance of AZ, to the extent that this is reasonably required, the prescribed forms necessary to obtain such refund or to reduce the applicable rate of withholding or to relieve AZ of its obligation to withhold tax, and AZ shall apply the reduced rate of withholding, or dispense with withholding, as the case may be provided that AZ has received evidence, in a form reasonably satisfactory to AZ, of Rigel's delivery of all applicable forms (and, if necessary, its receipt of appropriate governmental authorization) at least [*] ([*]) days prior to the time that the Payments are due. The Parties shall cooperate in accordance with Applicable Laws to minimize withholding taxes. If, in accordance with the foregoing, AZ withholds any amount, it shall pay to Rigel the balance when due, make timely payment to the proper taxing authority of the withheld amount on Rigel's behalf, and send to Rigel proof of such payment within [*] ([*]) days following that payment.

(b) Subject to Section 8.7(c), if AZ (or AZ's Affiliates or successors) is required to make a payment to Rigel subject to a deduction or withholding of tax, then if such deduction or withholding of tax obligation arises or is increased solely as a result of the [*], as a result of which the Payments arise in a territory other than [*], or there is a change in [*], or the payments arise or are deemed to arise [*] (an "**AZ Withholding Tax Action**"), then notwithstanding Section 8.7(a), the payment by AZ (in respect of which such deduction and withholding of tax is required to be made) shall be increased by the amount necessary (the "**Additional Amount**") to ensure that Rigel receives an amount equal to the same amount that it would have received had no AZ Withholding Tax Action occurred.

(c) Section 8.7(b) shall only apply if each of the following applies: (i) Rigel has not [*] or [*]; and (ii) Rigel is the [*]; (iii) Rigel is not able to obtain a credit for, refund of or relief from any taxation liability by reason of the deduction or withholding of tax; and (iv) at the time the Payment is due, Rigel has not [*] intellectual property [*] that [*]. Furthermore, (x) if any Additional Amount is paid pursuant to Section 8.7(b) and Rigel subsequently obtains a credit for, or refund of any tax that gave rise to the payment of the Additional Amount, or Rigel subsequently obtains relief from any taxation liability by reason of such tax, Rigel shall pay to AZ (or AZ's Affiliates or successors, as the case may be) the full amount of such tax credit, refund or relief; and (y) Rigel shall take all reasonable steps and make all available claims and elections to maximize its entitlement to receive such credit, refund or relief at the earliest opportunity. For each Calendar Year during such Additional Amount has been paid, within [*] ([*]) days after filing its U.S. federal income return for such Calendar Year, Rigel shall provide AZ with a schedule that sets forth (i) the year in which each Additional Amount was paid, (ii) the amount of such Additional Amount, (iii) the year in which Rigel realized a credit, refund or other corresponding relief for the Additional Amount, and (iv) the amount so realized.

(d) All Payments are exclusive of Indirect Taxes. If any Indirect Taxes are chargeable in respect of any Payments, the remitting Party shall pay such Indirect Taxes at the applicable rate in respect of any such Payments following the receipt, where applicable, of an invoice in the appropriate form issued by the receiving Party in respect of those Payments, such

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Indirect Taxes to be payable on the due date of the Payment to which such Indirect Taxes relate. The Parties shall issue invoices for all goods and services supplied under this Agreement consistent with Indirect Tax requirements and irrespective of whether the sums may be netted for settlement purposes. The Parties shall cooperate in accordance with Applicable laws to minimize Indirect Taxes.

(e) For the avoidance of doubt, the Parties acknowledge and agree that none of the amounts payable under Article 8 of this Agreement are related to the license (or right) to import or any import of Existing Inventory. AZ shall be responsible for any import clearance, including payment of any import duties and similar charges, in connection with any Existing Inventory transferred to AZ under this Agreement. The Parties shall co-operate to ensure that the Party responsible for shipping values the clinical product in accordance with Applicable Laws and minimizes where permissible any such duties and any related import taxes that are not reclaimable from the relevant authorities.

8.8 Payment. AZ shall make payment under this Article 8 in Dollars by wire transfer of immediately available funds to the bank account as may be designated by Rigel in writing to AZ from time to time.

8.9 Foreign Exchange. For the purpose of computing the Net Sales of Products sold in a currency other than Dollars, such currency shall be converted from local currency to Dollars by AZ in accordance with the rates of exchange for the relevant month for converting such other currency into Dollars used by AZ's internal accounting systems, which are independently audited on an annual basis.

8.10 Late Payments. If Rigel does not receive payment of any sum due to it on or before the due date, simple interest shall thereafter accrue on the sum due to Rigel from the due date until the date of payment at a rate of [*] percentage point ([*]%) over the then-current 30-day LIBOR rate, or the maximum rate allowable by applicable law, whichever is less.

8.11 Financial Records; Audits. AZ shall maintain complete and accurate records in sufficient detail to permit Rigel to confirm the accuracy of the royalty payments and commercial milestone calculations under this Agreement. Upon reasonable prior written notice, such records shall be open during regular business hours for a period of [*] ([*]) years from the creation of individual records for examination at Rigel's expense, and not more often than [*] each Calendar Year, by an independent certified public accountant selected by Rigel and reasonably acceptable to AZ for the sole purpose of verifying for Rigel the accuracy of the financial reports or commercialization milestone notices furnished by AZ pursuant to this Agreement. Any amounts shown to be owed but unpaid shall be paid within [*] ([*]) days after the accountant's report, plus interest (as set forth in Section 8.10) from the original due date. Rigel shall bear the full cost of such audit unless such audit discloses an underpayment of [*] percent ([*]%) or more for AZ's payment obligation for a particular payment (in the case of commercial milestone payments) or a particular Calendar Quarter (in the case of royalty payments), in which case AZ shall bear the full cost of such audit.

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ARTICLE 9

INTELLECTUAL PROPERTY

9.1 Ownership of Inventions. Each Party shall own all inventions and Information made solely by it and its Affiliates and their respective employees agents and independent contractors in the course of conducting such Party's activities under this Agreement (collectively, **"Sole Inventions"**). All inventions and Information that are made jointly by employees, Affiliates, agents, or independent contractors of each Party in the course of performing activities under this Agreement (collectively, **"Joint Inventions"**) shall be owned jointly by the Parties in accordance with joint ownership interests of co-inventors under US patent laws. Inventorship shall be determined in accordance with US patent laws.

9.2 Disclosure of Inventions. Each Party shall promptly disclose to the other all Sole Inventions and Joint Inventions, including all invention disclosures or other similar documents submitted to such Party by its, or its Affiliates', employees, agents or independent contractors describing such Sole Inventions or Joint Inventions. Such Party shall also respond promptly to reasonable requests from the other Party for more Information relating to such inventions.

9.3 Prosecution of Patents.

(a) Rigel Patents Other Than Joint Patents. Except as otherwise provided in this Section 9.3(a), as between the Parties, Rigel shall have the sole right and authority to prepare, file, prosecute (including any interferences, reissue proceedings, reexaminations and other administrational proceedings) and maintain the Rigel Patents other than Joint Patents in any jurisdiction in the Territory, at [*] costs and expense other than as set forth below. Rigel shall provide AZ reasonable opportunity to review and comment on such prosecution efforts regarding such Rigel Patents in the Territory and, [*], AZ shall have final say over all decisions relating to such prosecution efforts with respect to Rigel Patents that specifically claim the [*] of, or the [*] of, any Compound or Product provided that such decisions made by AZ do not result in any reduction of AZ's payment obligation to Rigel (including royalty payments and/or the Royalty Term). Rigel shall provide AZ with a copy of material communications from any patent authority in the Territory regarding such Rigel Patents, and shall provide drafts of any material filings or responses to be made to such patent authorities a reasonable amount of time in advance of submitting such filings or responses. If Rigel determines in its sole discretion to abandon, not file or not maintain a Rigel Patent anywhere in the Territory, then Rigel shall provide AZ written notice of such determination at least [*] ([*]) days before any deadline for taking action to avoid abandonment of such Rigel Patent. AZ shall have the right, but not the obligation, to prepare, file, prosecute and maintain such Rigel Patent in the Territory on behalf of Rigel at AZ's expense. If AZ desires Rigel to file, in a particular jurisdiction in the Territory, a Rigel Patent that claims priority to another Rigel Patent, AZ shall provide written notice to Rigel requesting that Rigel file such patent application in such jurisdiction, and Rigel shall file and prosecute such patent application and maintain any patent issuing thereon in such jurisdiction at AZ's expense. AZ's rights under this Section 9.3 with respect to any Rigel Patent licensed to Rigel by a Third

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Party shall be subject to the rights of such Third Party to file, prosecute, and/or maintain such Rigel Patent.

(b) AZ Patents Other Than Joint Patents. Except as otherwise provided in this Section 9.3(b), AZ shall have the sole right and authority to prepare, file, prosecute (including any interferences, reissue proceedings, reexaminations and other administrational proceedings) and maintain the AZ Patents other than Joint Patents in any jurisdiction in the Territory, at AZ's costs and expense and discretion.

(c) Joint Patents. With respect to any potentially patentable Joint Invention, the Parties shall confer and agree upon which Party, if any, shall prepare, file, prosecute (including any interferences, reissue proceedings, reexaminations and other administrational proceedings) and maintain patent applications covering such Joint Invention (any such patent application and any patents issuing therefrom a **"Joint Patent"**) in any jurisdictions throughout the Territory, at [*] expense. It is the intention of the Parties that, unless otherwise agreed in writing, [*] would prepare, file, prosecute and maintain any Joint Patents in the Territory. The Party that prosecutes a patent application in the Joint Patents (the "**Prosecuting Party**") shall provide the other Party reasonable opportunity to review and comment on such prosecution efforts regarding the applicable Joint Patents in the particular jurisdictions, and such other Party shall provide the Prosecuting Party reasonable assistance in such efforts. The Prosecuting Party shall provide the other Party with a copy of all material communications from any patent authority in the applicable jurisdictions regarding the Joint Patent being prosecuted by such Party, and shall provide drafts of any material filings or responses to be made to such patent authorities a reasonable amount of time in advance of submitting such filings or responses. In particular, each Party agrees to provide the other Party with all information necessary to enable the other Party to comply with the duty of candor/duty of disclosure requirements of any patent authority. Should [*] determine that it will no longer support the continued prosecution or maintenance of a particular Joint Patent in a country or jurisdiction, [*] shall provide [*] with written notice of such determination at least [*] ([*]) days before any deadline for taking action to avoid abandonment of such Joint Patent. [*] shall have the right, but not obligation, to file, prosecute and maintain such Joint Patent in the applicable jurisdiction. If [*] decides to exercise such right, then: (i) [*] shall, if requested in writing by [*], assign its ownership interest in such Joint Patent in such country or jurisdiction to [*] for no additional consideration, and (ii) if such assignment is effected, any such Joint Patent would thereafter be deemed a [*] Patent in the case of assignment to [*] and Section 9.3[*] would apply to the preparation, filing, prosecution and maintenance thereof.

(d) Cooperation in Prosecution and Orange Book Listing. Each Party shall provide the other Party all reasonable assistance and cooperation in the

patent prosecution efforts provided above in this Section 9.3, including providing any necessary powers of attorney and executing any other required documents or instruments for such prosecution and including reasonable assistance and cooperation in determining a complete and correct list of Rigel Patents and Joint Patents for Orange Book Listing. Such assistance shall include the provision by Rigel to AZ of all Information, including a complete list of Rigel Patents covering the Products, as reasonably necessary to enable AZ to make filings with Regulatory Authorities with respect to

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the Rigel Patents, including as required in connection with (i) any Orange Book Listing; and (ii) outside the U.S. under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents.

9.4 Infringement of Patents and Know-How.

(a) Notification. If a Party becomes aware of any infringement, threatened infringement, or alleged infringement of the Rigel Patents or any Joint Patent or Rigel Know-How on account of a Third Party's manufacture, use or sale of a Product in the Field including any "patent certification" filed in the US under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions in connection with the sale or proposed sale of a Product (in each case, a **"Product Infringement"**), then such Party shall promptly notify the other Party and within [*] ([*]) Business Days in writing of any such Product Infringement and shall provide evidence in such Party's possession demonstrating such Product Infringement.

(b) Enforcement Rights. AZ shall have the first right, but not the obligation, to bring an appropriate claim, suit or other action against any person or entity engaged in Product Infringement of a Rigel Patent or Joint Patent or Rigel Know-How in the Territory. AZ shall have a period of [*] ([*]) days after its receipt or delivery of such notice and evidence (as applicable) to elect to enforce such Rigel Patent or Joint Patent or Rigel Know-How against such Third Party. In the event AZ does not so elect, it shall notify Rigel in writing within such [*] days, and Rigel shall have the right to commence a suit or take action to enforce the applicable Rigel Patent or Joint Patent or Rigel Know-How with respect to such Product Infringement. The other Party shall provide to the Party enforcing any such rights under this Section 9.4(b) reasonable assistance in such enforcement, at the enforcing Party's request and expense, including joining such claim, suit or action as a party plaintiff, if required by applicable law, to pursue such claim, suit or action. The enforcing Party shall keep the other Party regularly informed of the status and progress of such enforcement efforts, and shall reasonably consider the other Party's comments on any such efforts.

(c) Third Party Litigation. Except as otherwise set forth in Article 11, in the event of any actual or threatened suit against Rigel, AZ or its Affiliates that (i) the Exploitation of Rigel Compounds or associated Products in the Field in the Territory or (ii) the practice of a Rigel Patent, Joint Patent or the Rigel Know-How or any part thereof in connection with the activities set forth in subsection (i) above, in each case by or on behalf of AZ under this Agreement infringes the patent or intellectual property rights of any Third Party (an "**Infringement Suit**"), the Party first becoming aware of such Infringement Suit shall promptly give written notice to the other Party. AZ shall have the first right, but not the obligation, through counsel of its choosing, to assume direction and control of the defense of claims arising therefrom (including the right to settle such claims in its sole discretion) on behalf of both Parties; *provided, however*, that AZ shall obtain the written consent of Rigel prior to ceasing to defend, settling or otherwise compromising such claims. If AZ notifies Rigel in writing that it does not wish to assume such direction and control, Rigel shall have the right, but not the obligation to, at its sole cost and expense, defend against such claims on behalf of both Parties; *provided, however*, that Rigel shall obtain the written consent of AZ prior to ceasing to defend,

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settling or otherwise compromising such claims. The other Party shall provide to the Party controlling any such defense under this Section 9.4(c) reasonable assistance in such enforcement, at the defending Party's request and expense. The defending Party shall keep the other Party regularly informed of the status and progress of such defense efforts, and shall reasonably consider the other Party's comments on any such efforts. If either Party elects to defend both itself and the other Party from a claim pursuant to this Section 9.4(c), the defending Party shall indemnify the other Party, and its officers, directors, employees and agents, and hold them harmless from and against any and all damages or other amounts payable to such Third Party claimant arising from such claims, as well as any reasonable attorneys' fees and costs of litigation incurred by such other Party. If neither Party elects to defend such claims on behalf of both Parties, each Party shall have the right to defend itself from such claims on its own behalf, at its sole cost and expense. This Section 9.4(c) shall not be construed to modify either Party's rights or obligations under Article 11.

(d) Settlement. Except as expressly provided under Section 9.4(c) above, prior written consent of the other Party is required for either Party to settle any claim, suit or action that it brought under this Section 9.4 involving a Rigel Patent or Joint Patent or Rigel Know-How in any manner that would negatively impact such intellectual property or that would limit or restrict AZ's ability to sell the Product anywhere in the Territory.

(e) Expenses and Recoveries. If monetary damages are recovered from a Third Party in a claim, suit or action under Section 9.4(b) against any person or entity engaged in Product Infringement of the Rigel Patents or Joint Patents in the Territory, such recovery shall be allocated first to the reimbursement of any expenses incurred by the Parties in such litigation, and any remaining amount shall be distributed as follows: (i) if AZ is the Party enforcing such Rigel Patent or Joint Patent, then any remaining amount shall be retained by AZ and treated as Net Sales subject to Section 8.5; and (ii) if Rigel is the Party enforcing such Rigel Patent or Joint Patent, then any remaining amount shall be retained by Rigel.

9.5 Confirmatory Patent Licenses. Rigel shall, if requested to do so by AZ and at AZ's expense, promptly enter into confirmatory license agreements in a customary form reasonably requested by AZ for the purposes of recording the licenses granted under this Agreement with such patent offices in the Territory as AZ considers appropriate.

9.6 Patent Marking. AZ shall, at its option, require its Affiliates and Sublicensees to, mark the Product sold by it hereunder with appropriate patent numbers or indicia to the extent permitted by Applicable Law.

9.7 Employee Obligations. Prior to beginning work under this Agreement, AZ and Rigel shall each use Diligent Efforts to ensure that their respective employees, agents or independent contractors, and those of their respective Affiliates engaged in activities under this Agreement are bound by written obligations of non-disclosure and invention assignment, including: (a) promptly reporting to the applicable Party any invention, discovery, process or other intellectual property right arising in the course of this Agreement; (b) assigning to the applicable Party all of his or her right, title and interest in and to any invention, discovery,

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process or other intellectual property right arising in the course of this Agreement; (c) cooperating in the preparation, filing, prosecution, maintenance and enforcement of any patent and patent application covering the inventions described in subsection (b) above; (d) performing all acts and signing, executing, acknowledging and delivering any and all documents required for effecting the obligations and purposes of this Section 9.7; and (e) abiding by the obligations of confidentiality and non-use set forth in Article 12. It is understood and agreed that such non-disclosure and invention assignment agreement need not reference or be specific to this Agreement.

9.8 Patent Term Extensions.

(a) The Parties shall cooperate in obtaining patent term extensions (under but not limited to Drug Price Competition and Patent Term Restoration Act), supplemental protection certificates, or their equivalents, with respect to the Rigel Patents and/or Joint Patents covering Products in any country and/or region where applicable.

(b) [*] shall determine which Rigel Patent it will apply to extend, after consulting with [*] and reasonably considering any opinion provided, and shall file for such adjustment and extension at [*] cost and expense.

9.9 Trademarks. AZ shall be responsible at its sole cost and discretion for the selection, registration, maintenance and defense of all trademarks for use in connection with the sale or marketing of the Product in the Field in the Territory (the **"Marks"**). AZ shall own all rights, title and interest in such Marks.

ARTICLE 10

REPRESENTATIONS AND WARRANTIES

10.1 Mutual Representations and Warranties. Each Party hereby represents, warrants, and covenants (as applicable) to the other Party as of the Effective Date as follows:

(a) Corporate Existence and Power. It is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder.

(b) Authority and Binding Agreement. As of the Execution Date, (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms.

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(c) No Conflict. It is not a party to and will not enter into any agreement that would materially prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under this Agreement.

(d) No Debarment. In the course of the development of the Product, such Party has not used prior to the Execution Date and shall not use, during the Term, any employee, agent or independent contractor who has been debarred by any Regulatory Authority, or, to the best of such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority.

(e) Notice of Infringement or Misappropriation. As of the Execution Date, except as already disclosed, such Party has not received any written notice from any Third Party asserting or alleging that any research or development of any Compound or Product by such Party prior to the Execution Date infringed or misappropriated the intellectual property rights of such Third Party.

(f) Tax Resident. It is a resident of the jurisdiction in which it is incorporated as such term is defined pursuant to Applicable Laws.

10.2 Representations and Warranties by Rigel. Rigel hereby represents and warrants to AZ as of the Effective Date as follows:

(a) Title; Encumbrances. Except in relation to the rights granted under the Pfizer Agreement, it is the sole and exclusive owner of the Rigel Patents and it has the right to grant to AZ the license under the Rigel Technology that Rigel purports to grant hereunder.

(b) No Material Impact. The provisions of the Research Agreements and the rights granted by Rigel to any Third Party thereunder do not materially adversely affect AZ's right to develop and/or commercialize the Products hereunder.

(c) Full Disclosure. Complete and correct copies of all material transfer agreements, research agreements, cooperative research and development agreements and any other agreements or contracts entered into by or on behalf of Rigel and its Affiliates with any Third Parties relating to the Compound that have a material impact on AZ's right to develop and/or commercialize the Products hereunder have been disclosed to AZ.

(d) Serious Adverse Events. To the best of Rigel's knowledge, there have been no Serious Adverse Events relating to the Compounds, except for those disclosed to AZ as part of the formal due diligence process between Rigel and AZ prior to the Execution Date.

(e) Enforceability. To the best of Rigel's knowledge the Rigel Patents are valid and enforceable without any claims, challenges, oppositions, interference or other proceedings pending or threatened and Rigel has filed and prosecuted patent applications within such Rigel Patents in good faith and complied with all duties of disclosure with respect thereto.

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(f) **Patent Fees.** All necessary and material application, registration maintenance and renewal fees in respect of the Rigel Patents in existence as of the Effective Date have been paid.

(g) **Notice of Infringement or Misappropriation.** Neither Rigel or its Affiliates has received anywritten notice from any Third Party asserting or alleging that the Exploitation of the Compound prior to the Effective Date infringed or misappropriated the intellectual property rights of such Third Party and to the best of Rigel's knowledge, no such notice is pending or threatened.

(h) **Non-infringement of Third Party Rights**. To the best of Rigel's knowledge, the making, using and selling of the R788 Product as it exists as of the Effective Date, in the manner as conducted by Rigel as of the Effective Date, does not infringe any patents or published patent applications owned or controlled by a Third Party.

(i) **Non-infringement [*].** To the best of Rigel's knowledge, in engaging [*] of [*] as a consultant, there has not been any breach of the [*], rules, statutes or regulations.

(j) **Assignments.** Rigel has obtained from all individuals who participated in any respect in the invention or authorship of any Rigel Technology effective assignments of all ownership rights of such individuals in such Rigel Technology, either pursuant to written agreement or by operation of law.

(k) **No Proceedings.** There are no pending, and to the best of Rigel's knowledge no threatened, actions, suits or proceedings against Rigel involving the Rigel Technology or the Compound.

10.3 **Representations and Warranties by Rigel relating to the Pfizer Agreement.** Rigel hereby represents and warrants to AZ as of the Effective Date as follows:

(a) The execution of this Agreement and the grant of the licenses hereunder by Rigel to AZ does not conflict with any provision of the Pfizer Agreement.

(b) Pfizer does not have any rights to the Compounds, either in the Field or the Excluded Indications.

(c) Since its execution on January 18, 2005 the Pfizer Agreement has not been amended, restated, terminated, in whole or in part, or otherwise modified.

10.4 **Covenants.** Rigel covenants and agrees that:

(a) it will not grant any interest in the Rigel Technology in a manner that would materially adversely affect AZ's right to develop and/or commercialize Products hereunder;

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(b) it will not assign its right, title or interest in or to any Rigel Patent to any Third Party in a manner that would materially adversely affect AZ's right to develop and/or Commercialize Products hereunder, other than in connection with an assignment of this Agreement pursuant to Section 15.5.

(c) it will not amend, restate, terminate, in whole or in part, or otherwise modify the Pfizer Agreement in each case in any manner that would adversely affect any rights that have been licensed by Rigel to AZ under this Agreement.

(d) it will promptly notify AZ of any Serious Adverse Events which it becomes aware of relating to the Compounds after the Execution Date.

10.5 **Disclaimer.** Each Party understands that the Compound(s) and Product(s) are the subject of ongoing clinical research and development and that the other Party cannot assure the safety or usefulness of the Compound(s) or Product(s). In addition, Rigel makes no warranties except as set forth in this Article 10 concerning the Rigel Technology and AZ makes no warranties except as set forth in this Article 10 concerning the AZ Technology.

10.6 **No Other Representations or Warranties.** EXCEPT AS EXPRESSLY STATED IN SECTION 7.6(a) AND THIS ARTICLE 10, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 11

INDEMNIFICATION

11.1 **Indemnification by Rigel.** Rigel shall defend, indemnify, and hold AZ, its Affiliates, and their respective officers, directors, employees, and agents (the **"AZ Indemnitees"**) harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by such AZ Indemnitees (collectively, "**AZ Damages**"), all to the extent resulting from claims, suits, proceedings or causes of action brought by such Third Party ("**AZ Claims**") against such AZ Indemnitee based on or alleging: (a) a breach of any of Rigel's representations, warranties, and obligations under the Agreement; or (b) the willful misconduct or negligent acts of Rigel, its Affiliates, or the officers, directors, employees, or agents of Rigel or its Affiliates. The foregoing indemnity obligation shall not apply to the extent that such AZ Claim is based on or alleges: (i) a breach of any of AZ's representations, warranties, and obligations under the Agreement; or (ii) the willful misconduct or negligent acts of AZ or its Affiliates, or the officers, directors, employees, or agents of AZ or its Affiliates.

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11.2 Indemnification by AZ. AZ shall defend, indemnify, and hold Rigel, its Affiliates, and their respective officers, directors, employees, and agents (the **"Rigel Indemnitees"**) harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by such Rigel Indemnitees (collectively, "**Rigel Damages**"), all to the extent resulting from claims, suits, proceedings or causes of action brought by such Third Party ("**Rigel Claims**") against such Rigel Indemnitee based on or alleging: (a) the development, manufacture, storage, handling, use, promotion, sale, offer for sale, and importation of the Product by AZ or its Affiliates, Sublicensees, or Distributors in the Territory; (b) a breach of any of AZ's representations, warranties, and obligations under the Agreement; or (c) the willful misconduct or negligent acts of AZ or its Affiliates, or the officers, directors, employees, or agents of AZ or its Affiliates. The foregoing indemnity obligation shall not apply to the extent that any Rigel Claim is based on or alleges: (i) a breach of any of Rigel's representations, warranties, and obligations under the Agreement; or (ii) the willful misconduct or negligent acts of Rigel, its Affiliates, or the officers, directors, employees, or agents of Rigel or its Affiliates.

11.3 Indemnification Procedures. The Party claiming indemnity under this Article 11 (the**"Indemnified Party"**) shall give written notice to the Party from whom indemnity is being sought (the **"Indemnifying Party"**) promptly after learning of the claim, suit, proceeding or cause of action for which indemnity is being sought ("**Claim**"). The Indemnified Party shall provide the Indemnifying Party with reasonable assistance, at the Indemnifying Party's expense, in connection with the defense of the Claim for which indemnity is being sought. The Indemnified Party may participate in and monitor such defense with counsel of its own choosing at its sole expense; provided, however, the Indemnifying Party shall have the right to assume and conduct the defense of the Claim with counsel of its choice. The Indemnifying Party shall not settle any Claim without the prior written consent of the Indemnified Party, not to be unreasonably withheld, unless the settlement involves only the payment of money. So long as the Indemnifying Party is actively defending the Claim in good faith, the Indemnified Party shall not settle any such Claim without the prior written consent of the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of the Claim as provided above, (a) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to the Claim in any manner the Indemnified Party may deem reasonably appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), and (b) the Indemnifying Party will remain responsible to indemnify the Indemnified Party as provided in this Article 11.

11.4 Limitation of Liability. NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR FOR LOSS OF PROFITS SUFFERED BY THE OTHER PARTY, EXCEPT TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS ARTICLE 11, *PROVIDED, HOWEVER*, THAT EACH PARTY SHALL HAVE THE RIGHT TO SEEK CONSEQUENTIAL DAMAGES FROM THE OTHER PARTY FOR

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SUCH OTHER PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 7.6 OR ARTICLE 12.

11.5 Insurance. Each Party shall procure and maintain insurance, including product liability insurance, adequate to cover its obligations hereunder and which are consistent with normal business practices of prudent companies similarly situated at all times during which any Product is being clinically tested in human subjects or commercially distributed or sold. It is understood that such insurance shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 11. Each Party shall provide the other with written evidence of such insurance upon request. Each Party shall provide the other with written notice at least [*] ([*]) days prior to the cancellation, non-renewal or material change in such insurance or self-insurance which materially adversely affects the rights of the other Party hereunder.

ARTICLE 12

CONFIDENTIALITY

12.1 Confidentiality. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, each Party agrees that, for the Term and for [*] ([*]) years thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement any Confidential Information furnished to it by the other Party pursuant to this Agreement except for that portion of such information or materials that the receiving Party can demonstrate by competent written proof:

(a) was already known to the receiving Party or its Affiliate, other than under an obligation of confidentiality, at the time of disclosure by the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving Party in breach of this Agreement;

(d) is subsequently disclosed to the receiving Party or its Affiliate by a Third Party without obligations of confidentiality with respect thereto; or

(e) is subsequently independently discovered or developed by the receiving Party or its Affiliate without the aid, application, or use of Confidential Information.

12.2 Authorized Disclosure. Each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary in the following situations:

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(a) filing or prosecuting Rigel Patents, Joint Patents or AZ Patents;

(b) submitting regulatory filings and other filings with Governmental Authorities (including Regulatory Authorities), including filings with the SEC

or the FDA, with respect to a Product;

(c) prosecuting or defending litigation relating to the subject matter of this Agreement;

(d) complying with Applicable Laws, including regulations promulgated by securities exchanges, provided that the Party seeking to make such disclosure shall, to the extent practicable, give reasonable advance notice to the other Party of such disclosure and use reasonable efforts to secure confidential treatment of such information; and

(e) disclosure to its Affiliates, employees, agents, and independent contractors, and any sublicensees only on a need-to-know basis and solely as necessary in connection with the exercise of its rights or the performance of its obligations under this Agreement, provided that each person or entity receiving such Confidential Information must be bound by similar obligations of confidentiality and non-use at least as equivalent in scope as those set forth in this Article 12 prior to any such disclosure, provided that such confidentiality and non-use obligations may be subject to a shorter duration of no less than [*] ([*]) years.

12.3 Publicity; Terms of Agreement.

(a) The Parties agree that the terms of this Agreement are the Confidential Information of both Parties, subject to the authorized disclosure provisions set forth in Section 12.2 and this Section 12.3. The Parties have agreed to make a joint public announcement of the execution of this Agreement substantially in the form of the press release attached as **Exhibit G** on or after the Execution Date. In addition, following the initial press release announcing the execution of this Agreement, either Party shall be free to disclose, without the other Party's consent, the existence of this Agreement, the identity of the other Party and those terms of this Agreement which have already been publicly disclosed in accordance with this Section 12.3.

(b) Either Party may disclose the financial terms and certain material obligations of this Agreement, provided such disclosure is in the form attached at Exhibit J (but not provide any additional terms or financial information relating to this Agreement) to any bona fide potential or actual investor investment banker, acquirer, merger partner, or other potential or actual financial partner; provided that in connection with such disclosure, each person or entity receiving such Confidential Information is at the time of such disclosure bound by a confidentiality agreement at least as stringent in scope as the provisions of this Article 12. Rigel may disclose other terms and conditions of this Agreement that are not included in Exhibit J under this Section 12.3(b) with AZ's prior written consent, which consent may not be unreasonably withheld or delayed.

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(c) After release of such press release, if either Party desires to make a public announcement concerning the material terms of, or material events occurring under, this Agreement, such Party shall give reasonable prior advance notice of the proposed text of such announcement to the other Party for its prior review and approval (except as otherwise provided herein), such approval not to be unreasonably withheld. A Party commenting on such a proposed press release shall provide its comments, if any, within [*] ([*]) Business Days after receiving the press release for review (or, if any Applicable Law request an earlier release of such press release, a shorter period to allow the Party seeking to issue such press release to comply with such Applicable Law). Where required by Applicable Laws or by the rules or regulations of the applicable securities exchange upon which Rigel may be listed, Rigel shall have the right to make a press release announcing the achievement of each milestone under this Agreement as it is achieved, and the achievements of Marketing Approvals as they occur, subject to, in addition to the review procedure set forth in the preceding sentence, approval from AZ on the language of such press release, such approval not to be unreasonably withheld or delayed. In relation to AZ's review of such an announcement, AZ may make specific, reasonable comments on such proposed press release within the prescribed time for commentary, but shall not withhold its consent to disclosure of the information that the relevant milestone has been achieved and triggered a payment hereunder. For the avoidance of doubt, except as expressly provided in this Agreement, including under Exhibit J, Rigel acknowledges and agrees that AZ may withhold its consent with respect to disclosure of specific [*], [*] or other [*] under this Agreement. Subject to the foregoing and sub-section (d) below, Rigel may not disclose any specific [*], [*] or other [*] under this Agreement without AZ's prior written consent. The Parties also recognize that Rigel has an interest in keeping the financial markets informed of the progress of its various partnered drug development programs, and agree that Rigel may disclose the events identified on **Exhibit H** to this Agreement as they occur, regardless of whether such events are technically material events, but only pursuant to the press releases developed and approved in accordance with this Section 12.3 and subject further to prior approval from AZ on the language of such press release, such approval not to be unreasonably withheld or delayed.

(d) The Parties acknowledge that Rigel may be obligated to file a copy of this Agreement with the SEC. Rigel shall be entitled to make such a required filing, provided that it requests confidential treatment of at least the commercial terms and sensitive technical terms hereof to the extent such confidential treatment is reasonably available to Rigel. In the event of any such filing, Rigel will provide AZ with a copy of the Agreement marked to show provisions for which Rigel intends to seek confidential treatment and shall reasonably consider and incorporate AZ's comments thereon to the extent consistent with the legal requirements governing redaction of information from material agreements that must be publicly filed. Rigel shall also be entitled to make public disclosures of the terms of this Agreement and developments related to this Agreement as required by Applicable Laws or as instructed by the SEC or other government agencies. Rigel shall give AZ prior written notice, to the extent practicable, of any such public disclosure that contains information not previously released and shall discuss with AZ the reason for such disclosure and shall in good faith take into account any AZ comments in relation to such disclosure.

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12.4 Publications. Rigel shall not publicly present or publish results of studies carried out under this Agreement (each such presentation or publication a "**Publication**") without the prior written consent of AZ. AZ may freely present or publish the result of studies carried out under this Agreement provided that AZ shall not have the right to publish or present Rigel's Confidential Information without Rigel's prior written consent, and Rigel shall not have the right to publish or present AZ's Confidential Information without AZ's prior written consent. The Parties further acknowledge that Rigel has made significant contributions to the discovery of Compound as of the Execution Date and the Parties agree that any public disclosure made after the Execution Date regarding the Compound and/or Product(s) shall give appropriate recognition to the Rigel scientists who are responsible for the discovery of such Compound and/or Product(s). Notwithstanding the foregoing, AZ acknowledges that Rigel may have contractual obligations existing as of the Execution Date to allow for the presentation or publication of the results of clinical trials of the Products completed prior to the Execution Date, and AZ agrees that Rigel shall not be prohibited to fulfill such contractual obligations by reason of this Section 12.4, provided that, for any such presentation or publication that is to be submitted after the Effective Date, Rigel shall provide such presentations and publications to AZ at least [*] ([*]) days prior to the intended disclosure date for AZ's comments and review and shall in good faith communicate such comments from AZ to the Person(s) seeking such presentations and/or publications and request that such Person(s) reasonably consider in good faith all such comments from AZ and further use Diligent Efforts to incorporate such AZ comments.

ARTICLE 13

TERM AND TERMINATION

13.1 Term. This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 13, shall remain in effect until the cessation of all commercial sales of the Products in the Territory (the **"Term"**).

13.2 Termination by Either Party for Breach. Rigel shall have the right to terminate this Agreement upon written notice to AZ if AZ, after receiving written notice from Rigel identifying a material breach by AZ of its obligations under this Agreement, fails to cure such material breach within sixty (60) days from the date of such notice AZ shall have the right to terminate this Agreement upon written notice to Rigel if Rigel, after receiving written notice from AZ identifying a material breach by Rigel of its obligations under this Agreement, fails to cure such material breach within sixty (60) days from the date of such notice.

13.3 Termination following Insolvency Event. Either Party may terminate this Agreement without notice if an Insolvency Event occurs in relation to the other Party. In any event when a Party first becomes aware of the likely occurrence of any Insolvency Event in regard to that Party, it shall promptly so notify the other Party in sufficient time to give the other Party sufficient notice to protect its interests under this Agreement.

13.4 Termination for Patent Challenge. Rigel may terminate this Agreement in its entirety if AZ or its Affiliates or Sublicensees, directly or indirectly, individually or in association

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with any other person or entity, challenge the validity, enforceability or scope of any Rigel Patent anywhere in the Territory.

13.5 Termination for Change of Control. Notwithstanding AZ's right to terminate certain provisions of this Agreement following any Change of Control of Rigel, AZ may terminate this Agreement in its entirety upon thirty (30)-days written notice in the event of any Change of Control of Rigel.

13.6 Termination without Cause. AZ may terminate this Agreement without cause at any time after the Effective Date in its entirety at any time on one hundred eighty (180) days prior written notice, provided that, in the event a human clinical trial is ongoing for a Product comprising a Rigel Compound hereunder at the time AZ provides Rigel such notice of termination, then, at Rigel's request, AZ shall be required to orderly transfer the responsibility of such trial to Rigel, at AZ's expense, and AZ shall continue to bear all costs and expenses incurred by both Parties in connection with the conduct of and the transfer of responsibilities for such trial within such one hundred eighty (180)-day period.

13.7 Effect of Termination of the Agreement by AZ without Cause and by Rigel. Upon termination of this Agreement for any reason other than by AZ under Section 13.2, the following shall apply (in addition to any other rights and obligations under Section 13.11 or otherwise under this Agreement with respect to such termination):

(a) Licenses. The licenses granted in Article 7 shall terminate. Notwithstanding the foregoing, AZ hereby grants to Rigel, effective only upon such termination, an exclusive, worldwide, fully-paid, perpetual, irrevocable, royalty-free license, with the right to grant multiple tiers of sublicenses, under the AZ Technology to the extent that such AZ Technology covers or is incorporated into the Rigel Compound or corresponding Products that are being Exploited in the Territory as of the effective date of termination, solely to Exploit such Product(s) in the Field in the Territory. For the avoidance of doubt, [*].

(b) Regulatory Materials; Marks. To the extent permitted by Applicable Laws, AZ shall transfer and assign to Rigel all Regulatory Materials and Marketing Approvals for any Product(s) comprising the Rigel Compound(s) in the Territory that are Controlled by AZ or its Affiliates or Sublicensees.

(c) Transition Assistance. AZ shall, at no cost to Rigel, transfer or transition to Rigel all AZ Know-How to the extent that such AZ Know-How covers or is incorporated into Rigel Compounds or corresponding Products that are being Exploited in the Territory as of the effective date of termination. In addition AZ shall use Diligent Efforts to assign to Rigel any agreements with Third Parties performing development or commercialization related activities for AZ under this Agreement relating to the Rigel Compound or corresponding Products. If any such contract between AZ and a Third Party is not assignable to Rigel or if AZ manufactures the Product itself (and thus there is no contract to assign), then AZ shall use Diligent Efforts to reasonably cooperate with Rigel to arrange to continue to obtain such license and/or supply from such entity, and AZ shall supply such bulk Rigel Compound or corresponding finished Product,

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as applicable, to Rigel, at a transfer price equal to AZ's fully burdened cost of goods, for a reasonable period not to exceed six (6) months following the effective date of termination.

(d) Remaining Inventories. The Parties shall discuss reasonably and in good faith and agree on a transfer of inventory of Product comprising the Rigel Compound(s) from AZ at a price equal to AZ's [*] for such inventory. Rigel shall notify AZ within [*] ([*]) days after the date of termination whether Rigel elects to exercise such right.

13.8 Effect of Termination of the Agreement by AZ for Cause. Upon termination of this Agreement by AZ under Section 13.2, the following shall apply (in addition to any other rights and obligations under Section 13.11 or otherwise under this Agreement with respect to such termination):

(a) Any licenses granted by AZ to Rigel will terminate and revert to AZ;

(b) The license granted by Rigel to AZ under the Rigel Technology will continue as an exclusive, transferable, perpetual and irrevocable license, in consideration of which AZ will pay Rigel all payments due under Article 8 that would otherwise have been payable under the terms of this Agreement, provided that AZ's milestone payment and royalty payment obligations as set forth in Article 8 after termination of this Agreement shall be [*].

(c) Each Party shall continue to have its rights with respect to Rigel Patents and Joint Patents as specified in Article 9;

(d) Except as set forth in this Section 13.8 and in Section 13.11, the rights and obligations of the Parties hereunder shall terminate as of the date of

such termination.

13.9 Other Remedies. Termination or expiration of this Agreement for any reason shall not release either Party from any liability or obligation that already has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive such termination. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration. To the extent AZ asserts money damages arising from a breach of this Agreement by Rigel, the value [*] of future payments pursuant to Section 13.8(b) shall be [*] such money damages.

13.10 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by Rigel and AZ are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the US Bankruptcy Code, licenses of right to "intellectual property" as defined under Section 101 of the US Bankruptcy Code. The Parties agree that AZ, as licensee of certain rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the US Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against Rigel under the US Bankruptcy Code, AZ shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property

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licensed to AZ and all embodiments of such intellectual property, which, if not already in AZ's possession, shall be promptly delivered to AZ (a) upon any such commencement of a bankruptcy proceeding upon AZ's written request therefor, unless Rigel elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under clause (a), following the rejection of this Agreement by Rigel upon written request therefor by AZ.

13.11 Survival. The following provisions shall survive any expiration or termination of this Agreement for the period of time specified: Sections [*] and [*] (in each case for the period of time [*] obligations under Article [*] survives such expiration or termination), [*] and [*] and Articles [*] and [*] (other than Section [*]).

ARTICLE 14

DISPUTE RESOLUTION

14.1 Disputes. The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. In the event of any disputes, controversies or differences which may arise between the Parties, out of or in relation to or in connection with this Agreement, including any alleged failure to perform, or breach of this Agreement, or any issue relating to the interpretation or application of this Agreement, then upon the request of either Party, the Parties agree to meet and discuss in good faith a possible resolution thereof, which good faith efforts shall include at least one in-person meeting between senior officers of each Party. If the matter is not resolved within [*] ([*]) days following the request for discussions, either Party may then invoke the provisions of Section 14.2. For the avoidance of doubt, the Parties acknowledge and agree that certain matters may be determined by [*] under Section 2.2(e) via the JSC [*].

14.2 Arbitration. If the senior executive officers designated by the Parties are not able to resolve such dispute referred to them under Section 14.1 within such [*] ([*]) day period, such dispute shall be resolved through binding arbitration, which arbitration may be initiated by either Party at any time after the conclusion of such period, on the following basis:

(a) The place of arbitration shall be [*].

(b) The arbitration shall be made in accordance with the current Commercial Arbitration Rules of the International Center for Dispute Resolution of the American Arbitration Association, before a single arbitrator, who shall be neutral and independent of both Parties and each of their Affiliates.

(c) Each Party shall have a right to take [*] ([*]) depositions of no more than [*] ([*]) hours each. Each Party reserves the right to seek additional depositions from the arbitrator.

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(d) Judgment upon the award rendered by such arbitrator shall be binding on the Parties and may be entered by any court or forum having jurisdiction.

(e) Either Party may apply to the arbitrators for interim injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Further, either Party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any injunctive or provisional relief necessary to protect the rights or property of such Party pending the arbitration award.

(f) The arbitrators shall have no authority to award punitive, consequential, special or any other type of damages not measured by a Party's compensatory damages.

(g) Each Party shall bear its own costs and expenses and attorneys' fees and an equal share of the arbitrators' and any administrative fees of arbitration.

(h) Except to the extent necessary to confirm an award or as may be required by law, neither Party nor any arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties.

(i) In no event shall an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable statute of limitations.

14.3 Injunctive Relief. Nothing herein may prevent either Party from seeking a preliminary injunction or temporary restraint order in order to prevent any

irreparable harm from occurring, including preventing Confidential Information from being disclosed without appropriate authorization under this Agreement.

14.4 Governing Law. Resolution of all disputes arising out of or related to this Agreement or the validity, construction, interpretation, enforcement, breach, performance, application or termination of this Agreement and any remedies relating thereto, shall be governed by and construed under the substantive laws of the State of [*], excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

14.5 Costs. Each Party shall bear its own legal fees. The arbitrator shall assess his or her costs, fees and expenses against the Party losing the arbitration unless he or she believes that neither Party is the clear loser, in which case the arbitrator shall divide his or her fees, costs and expenses according to his or her sole discretion.

14.6 Confidentiality. The arbitration proceeding shall be confidential and the arbitrator shall issue appropriate protective orders to safeguard each Party's Confidential Information. Except as required by law, no Party shall make (or instruct the arbitrator to make) any public announcement with respect to the proceedings or decision of the arbitrator without prior written consent of the other Party. The existence of any dispute submitted to arbitration,

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and the award, shall be kept in confidence by the Parties and the arbitrator, except as required in connection with the enforcement of such award or as otherwise required by applicable law.

14.7 Survivability. Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement for any reason.

14.8 Jurisdiction. For the purposes of this Article 14, the Parties acknowledge their diversity (AZ having its principal places of business in Sweden and Rigel having its principal place of business in California) and agree to accept the exclusive jurisdiction of the Courts in the State of [*] for the purposes of enforcing or appealing any awards entered pursuant to this Article 14 and for enforcing the agreements reflected in this Article 14 and agree not to commence any action, suit or proceeding related thereto except in such courts.

14.9 Patent and Trademark Disputes. Any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any Rigel Patents covering the manufacture, use, importation, offer for sale or sale of the Products shall be submitted to a court of competent jurisdiction in the country in which such patent or trademark rights were granted or arose.

ARTICLE 15

MISCELLANEOUS

15.1 Entire Agreement; Amendment. This Agreement, including the Exhibits hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including the Existing Confidentiality Agreement, *provided, however*, that the Common Interest and Joint Purpose Agreement by and between the Parties effective [*], shall remain in full force and effect. The foregoing shall not be interpreted as a waiver of any remedies available to either Party as a result of any breach, prior to the Effective Date, by the other Party of its obligations pursuant the Existing Confidentiality Agreement. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.

15.2 Force Majeure. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by force majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, force majeure shall mean conditions beyond the control of the Parties, including an act of God, war, civil commotion, terrorist act, labor strike or lock-out, epidemic, destruction of production facilities or materials by fire, earthquake, storm or like

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catastrophe, Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of a force majeure affecting such Party. In the event a Party is subject to an event of *force majeure* which substantially interferes with the performance of its obligations hereunder and which extends for a period of 180 consecutive days or more, the other Party may elect to terminate this Agreement upon notice to the Party affected by such event. Any such termination shall be treated as a termination pursuant to Section 13.2 with respect to the consequences of termination set forth in this Agreement. Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of a force majeure affecting such Party. In the event of a *force majeure* that prevents a Party from performing its obligations for more than thirty (30) days, the other Party shall be entitled to perform the obligations affected by such inability to perform if it is practically able to do so on a commercially reasonable basis and the costs of such performance shall be allocated between the Parties as if such performance had been accomplished under the Agreement by the Party affected by the event of *force majeure* as originally contemplated.

15.3 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 15.3, and shall be deemed to have been given for all purposes (a) when received, if hand-delivered or sent by a reputable overnight delivery service, or (b) five (5) Business Days after mailing, if mailed by first class certified or registered mail, postage prepaid, return receipt requested.

If to Rigel: Rigel Pharmaceuticals, Inc.
1180 Veterans Boulevard
South San Francisco, CA 94080
Attention: Chief Executive Officer

With a copy to: Cooley Godward Kronish LLP

Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306
Attention: Robert L. Jones, Esq.

If to AZ: AstraZeneca AB
S-151 85 Södertälje
Sweden
Attn: Anders Burén, Assistant General Counsel

With a copy to: AstraZeneca UK Limited Alderley House
Alderley Park
Macclesfield
Cheshire SK10 4TF
Attn: Liam McIlveen, Deputy General Counsel AstraZeneca

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15.4 No Strict Construction; Headings. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The headings of each Article and Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Article or Section.

15.5 Assignment. Except as expressly permitted under this Agreement, neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other, except that a Party may make such an assignment without the other Party's consent to Affiliates or to a successor to substantially all of the business of such Party, whether in a merger, sale of stock, sale of assets or other transaction. Any permitted successor or assignee of rights and/or obligations hereunder shall, in a writing to the other Party, expressly assume performance of such rights and/or obligations (and in any event, any Party assigning this Agreement to an Affiliate shall remain bound by the terms and conditions hereof). Any assignment or attempted assignment by either Party in violation of the terms of this Section 15.5 shall be null, void and of no legal effect.

15.6 Performance by Affiliates. Each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates. Each Party shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance and shall remain primarily responsible for the performance of its Affiliates. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement shall be deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

15.7 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

15.8 Compliance with Applicable Law. Each Party shall comply with all Applicable Laws in the course of performing its obligations or exercising its rights pursuant to this Agreement.

15.9 Severability. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by an arbitrator or by a court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

15.10 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, except with respect to an express written and signed waiver relating to a particular matter for a particular period of time.

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15.11 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

15.12 Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.13 Standstill.

(a) Commencing with [*] (the **"[*] Date"**) and expiring [*] ([*]) months following the [*] Date (such [*] period, the "**Standstill Period**"), neither AZ nor any of its Affiliates, without the prior consent of Rigel or except as provided for in this Agreement or in any agreement referred to herein, or in any agreement executed after the date hereof by Rigel with AZ or any of its Affiliates, will:

(i) make, effect, initiate, cause or participate in (i) any [*] of Rigel or any [*] other Affiliate of Rigel (each, a "**Rigel Entity**") such that [*], AZ and its Affiliates then [*] of such Rigel Entity, (ii) any [*] any Rigel Entity, (iii) any [*] a Rigel Entity, or [*] a Rigel Entity, or (iv) any "[*]" of "[*]" (as those terms are used in the [*]) or consents with respect to [*] of a Rigel Entity;

(ii) [*] with respect to [*] of a Rigel Entity;

(iii) [*], to seek to [*] of a Rigel Entity;

(iv) take any action that might require a Rigel Entity to make a public announcement regarding any of the types of matters set forth in clause "(i)" of this Section 15.13(a);

(v) agree or offer to take, or encourage or propose (publicly or otherwise) the taking of, any action referred to in clause "(i)", "(ii)", "(iii)" or "(iv)" of this Section 15.13(a);

(vi) assist, induce or encourage any other person or entity to take any action of the type referred to in clause "(i)", "(ii)", "(iii)", "(iv)" or "(v)" of this Section 15.13(a); or

(vii) enter into any discussions, negotiations, arrangement or agreement with any other person or entity relating to any of the foregoing.

AZ shall promptly inform Rigel when the [*] Date has occurred. The expiration of the Standstill Period will not terminate or otherwise affect any of the other provisions of this Agreement.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

(b) Notwithstanding the foregoing provisions, AZ or its Affiliates will not be subject to any of the restrictions set forth in this Section 15.13 with respect to a Rigel Entity if either: (i) such Rigel Entity publicly announces its intention to [*] (as defined below); (ii) such Rigel Entity shall have entered into an agreement [*]; (iii) the board of directors of such Rigel Entity shall have [*] or (iv) if a Third Party [*]. "[*]" means (A) any direct or indirect [*] of the applicable Rigel Entity at [*] of or [*] in such Rigel Entity by any person [*]; (B) any [*] that [*] would result in any person [*] of such Rigel Entity; or (C) any [*] involving such Rigel Entity [*] of such Rigel Entity.

(c) Notwithstanding the foregoing, the Parties agree that AZ or its Affiliates shall not be prohibited from (i) [*] of any Rigel Entity; or (ii) proposing other [*] to Rigel.

15.14 HSR Filings. Promptly following the Execution Date, each Party shall make the filings required under the HSR Act in connection with this Agreement, and shall promptly reply to any related requests for information received from the United States Federal Trade Commission (**"FTC"**) or the Antitrust Division of the United States Department of Justice (**"DoJ"**). The Parties shall consult with one another and shall otherwise cooperate and act in good faith in connection with such filings and communications. Each Party shall be responsible for its own filings costs (including legal costs) associated with any such filings.

{Signature Page to Follow}

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IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals by their duly authorized officers as of the Execution Date.

RIGEL PHARMACEUTICALS, INC.		**ASTRAZENECA AB (**publ)	
By:	/s/ James M. Gower	By:	/s/ Göran Lerenius
Name:	James M. Gower	Name:	Göran Lerenius
Title:	CEO	Title:	Authorized Signatory

Signature Page to License and Collaboration Agreement

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EXHIBIT A

[*]

[*]

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EXHIBIT B

COMPOUND ASSAY CRITERIA

1) The compound inhibits syk kinase in the [*] assay at [*]*,

and either 2a or 2b

2a) The compound inhibits syk kinase in [*] assay at [*]*

or

2b) The compound inhibits syk kinase in [*] assay [*] at [*]*

Where the assays give results for [*] that are comparable** to the [*] results as described in the publication*.

And wherein the compound is [*]

* Assays as described in [*].

**comparable defined as [*].

[*]

Sequence of SYK spleen tyrosine kinase

mRNA: [*]
Protein: [*]
LocusID: [*]

---

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EXHIBIT C

RIGEL PATENTS AS OF THE EFFECTIVE DATE

RIGEL MATTER	STATUS	CNTRY	SERIAL #	PUB. NO.	FILING DATE	PATENT
P.0177.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0177.02	[*]	[*]	[*]	[*]	[*]	[*]
P.0177.03	[*]	[*]	[*]	[*]	[*]	[*]
P.0177.01	[*]	[*]	[*]	[*]	[*]	[*]
[*].						
P.0177.09	[*]	[*]	[*]	[*]	[*]	[*]
P.0177.09	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0226.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0226.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0193.02	[*]	[*]	[*]	[*]	[*]	[*]
P.0193.02	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0218.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0218.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0219.02	[*]	[*]	[*]	[*]	[*]	[*]
P.0219.02	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.04	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.05	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.05	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0084.11	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.13	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.13.WO	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0084.14	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.22	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.23	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.42	[*]	[*]	[*]	[*]	[*]	[*]
P.0084.47	[*]	[*]	[*]	[*]	[*]	[*]

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RIGEL MATTER	STATUS	CNTRY	SERIAL #	PUB. NO.	FILING DATE	PATENT
P.0144.01	[*]	[*]	[*]	[*]	[*]	[*]

P.0144.04	[*]	[*]	[*]	[*]	[*]	[*]
P.0144.07	[*]	[*]	[*]	[*]	[*]	[*]
P.0144.01	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0145.02	[*]	[*]	[*]	[*]	[*]	[*]
P.0145.03	[*]	[*]	[*]	[*]	[*]	[*]
P.0145.04	[*]	[*]	[*]	[*]	[*]	[*]
P.0145.05	[*]	[*]	[*]	[*]	[*]	[*]
P.0145.02	[*]	[*]	[*]	[*]	[*]	[*]
[*]						
P.0242.01	[*]	[*]	[*]	[*]	[*]	[*]
P.0253.00	[*]	[*]	[*]	[*]	[*]	[*]
P.0267.00	[*]	[*]	[*]	[*]	[*]	[*]

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EXHIBIT D

TRANSITION PLAN

[*]

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EXHIBIT E

INITIAL DEVELOPMENT PLAN

The Major Three RA Trials referenced herein are:

1) [*]

2) [*]

3) [*]

Development Strategy

The intended development strategy is to achieve a [*] submission in [*], excluding [*] and, for the avoidance of doubt, [*]. This strategy is aimed at meeting [*] requirements for filings in Rheumatoid Arthritis indications & targeting positioning as a treatment for patients who are [*].

The development programme is based on:

1. A package of studies that [*] in the [*] document.

    a. A study in [*].
    b. A study in [*].
    c. A study in [*].
    d. [*] Study (including [*] from [*])

2. [*] studies including

    a. [*] Study(s)
    b. [*] study [*] to secure approval in the [*] ([*]) ([*] and [*])
    c. A [*] study
    d. A [*] study with [*] for [*]. ([*] from [*] to [*]

The target NDA/MAA submission in US/EU is [*] 2013.

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[*]

Major Study Outlines
The attached outlines show in more detail the design ([*]) of the Major Three RA Trials that are indicated above.

Study 1

[*]

Study 2

[*]

Study 3

[*]

([*])

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EXHIBIT F

R788 INVENTORY

Inventory of R788 Drug Substance

Lot	Quantity as of [*]
LTRGGA1005	[*] kg
LTRGGA2004	[*] kg
LTRGGA2005	[*] kg
LTRGGA3001	[*] kg
LTRGGA3002	[*] kg
LTRGGA3003	[*] kg

Inventory of R788 Tablets

Lot	No of Bottles as of [*]
C9I2281, [*]	[*]
C9I2282, [*]	[*]
C9I2283/4, [*]	[*]
FZW, [*]	[*]
FZV, [*]	[*]

Inventory of R788 starting materials

Material	Quantity as of [*]
[*]	[*] kg
[*]	[*] kg
[*]*	[*] kg
[*]	[*] kg

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* The Parties agree that the [*] is being used in the production of approx. [*]kg of R788 at [*]

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EXHIBIT G

JOINT PRESS RELEASE

1180 Veterans Blvd.
South San Francisco, CA 94080
Main Phone: 650.624.1100
FAX: 650.624.1101
http://www.rigel.com

ASTRAZENECA AND RIGEL PHARMACEUTICALS SIGN WORLDWIDE LICENSE AGREEMENT FOR LATE-STAGE DEVELOPMENT PRODUCT—FOSTAMATINIB DISODIUM (R788)—FOR THE TREATMENT OF RHEUMATOID ARTHRITIS (RA)

For immediate release: 16 February 2010

AstraZeneca and Rigel Pharmaceuticals (Nasdaq: RIGL) today announced an exclusive worldwide license agreement for the global development and commercialization of fostamatinib disodium (R788), Rigel's late-stage investigational product for rheumatoid arthritis (RA) and additional indications. Fostamatinib disodium, which has completed a comprehensive phase 2 program, is the furthest developed oral Spleen Tyrosine Kinase (Syk) inhibitor being evaluated for RA. Inhibiting Syk is thought to block the intracellular signaling of various immune cells implicated in the destruction of bone and cartilage which is characteristic of RA.

RA is a systemic autoimmune inflammatory disease, which causes damage to the joints and other organs, affecting approximately 1 in 100 people. It is a major cause of disability and it is also associated with reduced life expectancy, especially if not adequately treated. Despite current treatment options, many patients still experience pain,

worsening of joint destruction and disability, so new treatment options are needed. The RA market was estimated to beapproximately $13bn globally in 2009, having grown from $1.3bn in 1998.

Once the agreement is effective, AstraZeneca will make an upfront payment to Rigel of $100million with up to an additional $345 million payable if specified development, regulatory and first commercial sale milestones are achieved. Rigel will also be eligible to receive up to anadditional $800 million of specified sales related milestone payments if the product achieves considerable levels of commercial success, as well as significant stepped double-digit royalties

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on net sales worldwide. AstraZeneca is responsible for all development, regulatory filings,manufacturing and global commercialization activities in all licensed indications under the contract. Effectiveness of the agreement is contingent on expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

AstraZeneca will design a global phase 3 program, anticipated to begin in the second half of 2010,with the goal of filing new drug applications with the US Food and Drug Administration (FDA) and the European Medicines Agency (EMEA) in 2013. Fostamatinib disodium is being developedas a next generation oral RA therapy in adults who have failed to respond adequately to a traditional disease modifying anti-rheumatic drug (DMARD), such as methotrexate, where a TNF biologic add-on treatment would currently be considered. Under the terms of the agreement, AstraZeneca will also receive exclusive rights to Rigel's portfolio of oral Sykinhibitors, as well as for additional indications for fostamatinib disodium beyond RA.

Anders Ekblom, Executive Vice President of Development, of AstraZeneca said: "There is a very real and pressing unmet medical need in the area of rheumatoid arthritis. Given the debilitating effect this disease can have on patients, AstraZeneca looks forward to working together with Rigel to continue development of this innovative investigational compound. Collaborations such as this one, which further strengthen our late-stage pipeline, demonstrate the key role externalization continues to play in AstraZeneca's strategy."

James M. Gower, chairman and chief executive officer of Rigel Pharmaceuticals, Inc. said: "This collaboration fulfills our expectations in two key ways. First, AstraZeneca has made an expansive commitment to develop fostamatinib disodium for the treatment of RA, which meansthat the work we have begun for patients with this disease will be completed with a substantially larger clinical program. Second, Rigel will receive royalties on potential future sales,appropriate to its investment in the development of R788."

- ENDS —

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NOTES TO EDITORS:

About Fostamatinib disodium
Fostamatinib disodium, which has completed a comprehensive phase 2 program is at the most advanced stage of development of the oral Spleen Tyrosine Kinase (Syk) inhibitors being evaluated for an RA indication. Inhibiting Syk is thought to block the intracellular signaling ofvarious immune cells implicated in the destruction of bone and cartilage, which is characteristic of RA. Inhibition of Syk signaling is therefore a very attractive research approach to RAtreatment.

About Fostamatinib disodium Phase 2 data
Three Phase 2 trials have been completed. TASKi1 and TASKi2 studied patients with anincomplete response to methotrexate. TASKi3 studied patients who had failed treatment with biologic therapies.

TASKi2 was a multi-center, randomized, double-blind, placebo-controlled Phase 2b trial of 457 RA patients in the target population of those with inadequate response to methotrexate. Treatment with stable doses of methotrexate in combination with fostamatinib disodium 100 mgtwice daily, 150 mg once daily, or placebo were evaluated at six months. At six months, 100 mg twice daily fostamatinib disodium therapy (a dose planned to be taken forward in Phase 3)yielded responder rates of 66% versus 35% of the placebo group for the primary end point of ACR 20 improvement. ACR 50 response was achieved by 43% versus 19%: ACR 70 responderrates were observed in 28% versus 10%. All achieved p values of <0.001. DAS28 remission was achieved in 31% versus 7% (p<0.01).

This replicates the signal seen in the original smaller TASKi1 study in a similar population(n=189) where 100 mg of fostamatinib disodium twice daily yielded responses of 65% versus 38% of the placebo group for ACR20. ACR 50 response was achieved by 49% vs 19% andACR70 was achieved by 33% vs 4%. DAS28 remission was achieved in 26% vs 8%. All of these endpoints achieved p values of $p < 0.05$ or better. In both studies clinical effect was seen asearly as 1 week.

TASKi3 was a smaller study which included 219 patients who had failed biologictherapies. Although there was some evidence of efficacy on the MRI imaging, and on some other parameters, the study did not meet its primary endpoint.

These data indicate further studies of fostamatinib disodium are warranted in RA.

Combining all three trials, the most common side effects have been GI disturbances such asdiarrhea, elevated blood pressure, transient and mild neutropenia, increased transaminases and a slight increase in infections, although not serious or opportunistic infections.

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About Rigel Pharmaceuticals—(www.rigel.com)
Rigel is a clinical-stage drug development company that discovers and develops novel, smallmolecule drugs for the treatment of inflammatory/autoimmune diseases and metabolic diseases. Rigel's pioneering research focuses on intracellular signaling pathways and related targets that are critical to disease mechanisms. Rigel's productivity has resulted in strategic collaborations with large pharmaceutical partners to develop and market our product candidates. Rigel hasproduct development programs in inflammatory/autoimmune diseases such as rheumatoid arthritis, thrombocytopenia and asthma, as well as in cancer.

About AstraZeneca
AstraZeneca is a global, innovation-driven biopharmaceutical business with a primary focus on the discovery, development and commercialization of prescription medicines. As a leader in gastrointestinal, cardiovascular, neuroscience, respiratory and inflammation, oncology and infectious disease medicines, AstraZeneca generated global revenues of US $32.8 billion in 2009. For more information please visit: www.astrazeneca.com

Rigel Forward-Looking Statements
This press release contains "forward-looking" statements, including, without limitation, statements related to the anticipated effectiveness of the agreement described in this press release and Rigel's receipt of an upfront cash payment from AstraZeneca, Rigel's potential receipt of development, regulatory and sales milestones and royalties on net sales worldwide, the potential market for and commercial potential of R788 and plans to pursue further clinical development of R788, including the timing thereof. Any statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "estimate," "anticipate" and similar expressions are intended to identify these forward-looking statements. These forward-looking statements are based upon Rigel's current expectations and involve risks and uncertainties. There are a number of important factors that could cause Rigel's results to differ materially from those indicated by these forward-looking statements, including, without limitation, risks associated with entering into a corporate partnership agreement and reliance on a corporate partner, including risks that if conflicts arise between us and our corporate partners, the other party may act in its self-interest and not in the interest of our stockholders and if any of our corporate partners were to breach or terminate its agreement with us or otherwise fail to conduct the partnership activities successfully and in a timely manner, the clinical development or commercialization of the affected product candidates or research programs could be delayed or terminated, as well as other risks associated with the timing and success of clinical trials and the commercialization of product candidates, potential problems that may arise in the clinical testing and approval process, market competition and other risks detailed from time to time in Rigel's SEC reports, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009. Rigel does not undertake any obligation to update forward-looking statements and expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein.

# # #

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RIGEL CONTACTS :

Contact: Raul Rodriguez
Phone: 650.624.1302
Email: rrodriguez@rigel.com

Media Contact: Susan C. Rogers, Alchemy Consulting, Inc.
Phone: 650.430.3777
Email: susan@alchemyemail.com

ASTRAZENECA CONTACTS :

Media Enquiries:

Neil McCrae	+44 207 304 5045 (24 hours)
Chris Sampson	+44 207 304 5130 (24 hours)
Sarah Lindgreen	+44 207 304 5033 (24 hours)
Abigail Baron	+44 207 304 5034 (24 hours)

Investor Enquiries UK:

Jonathan Hunt	+44 207 304 5087	mob: +44 7775 704032
Karl Hard	+44 207 304 5322	mob: +44 7789 654364
Clive Morris	+44 207 304 5084	mob: +44 7710 031012

Investor Enquiries US:

Ed Seage	+1 302 886 4065	mob: +1 302 373 1361
Jorgen Winroth	+1 212 579 0506	mob: +1 917 612 4043

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EXHIBIT H

SPECIFIED EVENTS

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EXHIBIT I

ON-GOING CLINICAL TRIALS

Study Number	Study Title

[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

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EXHIBIT J

SUMMARY OF FINANCIAL TERMS PERMITTED FOR DISCLOSURE UNDER CONFIDENTIALITY AGREEMENT PURSUANT TO SECTION 12.3.

Financial:

- Upfront Payment: $100M
- R788 Milestones: [*] for [*] and [*].
- R788 [*] Milestone Payments
  - [*] Milestone: [*]
  - [*] Milestones: [*]
  - [*] Milestones: [*]
- R788 Sales Related Payments based on stepped sales threshold achievement: Maximum of $800M, should Net Sales achieve $[*] in a Calendar Year. R788 Royalties: in the range of [*]% - [*]%.
- Multi-Product Deal: payments on R788 and follow-on oral syk inhibitors.

Scope of License:

- Exclusive license to AstraZeneca in the Territory and Field to develop and commercialize R788 and oral syk inhibitors.
- Field: [*] indications [*] excluding [*].
- Territory: Worldwide

Obligations:

- AZ to assume all responsibility for further development and commercialization after effective date.
- AZ to work with Rigel exclusively on oral syk inhibition in RA for a defined time period.
- Rigel to maintain responsibility for open Label Extension study for [*]

833659 v3/HN

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EXHIBIT 15.1

The Board of Directors
Rigel Pharmaceuticals, Inc.

We are aware of the incorporation by reference in the following Registration Statements:

(1) Form S-3 No. 333-148838, of Rigel Pharmaceuticals, Inc.
(2) Form S-3 No. 333-161960, of Rigel Pharmaceuticals, Inc.
(3) Form S-3 No. 333-129650, of Rigel Pharmaceuticals, Inc.
(4) Form S-8 No. 333-148132, pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan and 2000 Non-Employee Directors' Stock Option Plan of Rigel Pharmaceuticals, Inc.
(5) Form S-8 No. 333-139516, pertaining to the 2000 Employee Stock Purchase Plan of Rigel Pharmaceuticals Inc.
(6) Form S-8 No. 333-134622, pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan and 2000 Non-Employee Directors' Stock Option Plan of Rigel Pharmaceuticals, Inc.
(7) Form S-8 No. 333-125895, pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan and 2000 Non-Employee Directors' Stock Option Plan of Rigel Pharmaceuticals, Inc.
(8) Form S-8 No. 333-111782, pertaining to the 2000 Equity Incentive Plan of Rigel Pharmaceuticals, Inc.
(9) Form S-8 No. 333-107062, pertaining to the 2000 Employee Stock Purchase Plan of Rigel Pharmaceuticals, Inc.
(10) Form S-8 No. 333-106532, pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan and 2000 Non-Employee Directors' Stock Option Plan of Rigel Pharmaceuticals, Inc.
(11) Form S-8 No. 333-72492, pertaining to the 2001 Non-Officer Equity Incentive Plan of Rigel Pharmaceuticals, Inc.
(12) Form S-8 No. 333-51184, pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan and 2000 Non-Employee Directors' Stock Option Plan of Rigel Pharmaceuticals, Inc.

in each case for the registration of shares of Rigel Pharmaceuticals, Inc's common stock, of our report dated May 4, 2010 relating to the unaudited condensed interim financial statements of Rigel Pharmaceuticals, Inc. that are included in its Form 10-Q for the quarter ended March 31, 2010.

/s/ Ernst & Young LLP

Palo Alto, California
May 4, 2010

Exhibit 31.1

CERTIFICATIONS

I, James M. Gower, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rigel Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:May 4, 2010

/s/ JAMES M. GOWER
James M. Gower
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Ryan D. Maynard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rigel Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2010

/s/ RYAN D. MAYNARD
Ryan D. Maynard
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), James M. Gower, Chief Executive Officer of Rigel Pharmaceuticals, Inc. (the "Company"), and Ryan D. Maynard, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2010, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as ofMay 4, 2010.

/s/ JAMES M. GOWER	/s/ RYAN D. MAYNARD
James M. Gower	Ryan D. Maynard
Chief Executive Officer	Vice President and Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Rigel Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.