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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2005.

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** (Address of principal executive offices)	**94080** (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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of April 29, 2005, there were 19,871,798 shares of the registrant's common stock outstanding.

RIGEL PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2005

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PART I FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

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

	March 31, 2005 (unaudited)	December 31, 2004 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 12,910	$ 10,495
Available-for-sale securities	57,605	60,932
Accounts receivable	1,610	—
Other receivables	922	699
Prepaid expenses and other current assets	2,623	2,113
Total current assets	75,670	74,239
Property and equipment, net	2,986	2,813
Other assets	1,727	1,770
	$ 80,383	$ 78,822
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,323	$ 1,945
Accrued compensation	1,200	1,639
Other accrued liabilities	1,484	1,555
Deferred revenue	8,494	3,728
Deferred rent	—	1,230
Capital lease obligations	1,361	1,321
Total current liabilities	14,862	11,418
Long-term portion of capital lease obligations	1,277	781
Long-term portion of deferred revenue	8,775	4,180
Long-term portion of deferred rent	10,248	9,685
Other long-term liabilities	428	457
Commitments		
Stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 19,865,659 and 19,661,295 shares issued and outstanding on March 31, 2005 and December 31, 2004, respectively	20	20
Additional paid-in capital	268,453	264,823
Deferred stock compensation	(45)	(56)
Accumulated other comprehensive loss	(205)	(220)
Accumulated deficit	(223,430)	(212,266)
Total stockholders' equity	44,793	52,301
	$ 80,383	$ 78,822

Note (1) The balance sheet at December 31, 2004 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, 2004.

See accompanying notes.

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

	Three Months Ended March 31,	
	2005	2004
	(unaudited)	
Revenues:		
Contract revenues from collaborations	$ 2,618	$ 1,487
Costs and expenses:		
Research and development	11,173	11,694
General and administrative	2,874	2,913
	14,047	14,607
Loss from operations	(11,429)	(13,120)
Interest income	330	163
Interest expense	(65)	(94)
Net loss	$ (11,164)	$ (13,051)
Net loss per share, basic and diluted	$ (0.57)	$ (0.81)
Weighted-average shares used in computing net loss per common share, basic and diluted	19,713	16,047

See accompanying notes.

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

	Three Months Ended March 31,	
	2005	2004
	(unaudited)	
Operating activities:		
Net loss	$ (11,164)	$ (13,051)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	305	573
Amortization of deferred stock compensation, net	6	41
Non-cash stock compensation (recovery)	(1,474)	904
Changes in assets and liabilities:		
Accounts receivable	(1,610)	500
Other receivables	(223)	(244)
Prepaid expenses and other current assets	(510)	(284)
Other assets	43	63
Accounts payable	378	23
Accrued compensation	(439)	344
Other accrued liabilities	(71)	203
Deferred revenue	9,361	(1,068)
Deferred rent and other long-term liabilities	(696)	1,416
Net cash used in operating activities	(6,094)	(10,580)
Investing activities:		
Purchase of available-for-sale securities	(16,163)	(25,028)
Maturities of available-for-sale securities	19,505	10,250
Capital expenditures	(478)	(58)
Net cash provided by/(used in) investing activities	2,864	(14,836)
Financing activities:		
Proceeds from capital lease financing	1,002	—
Payments on capital lease obligations	(466)	(609)
Net proceeds from issuances of common stock	5,109	58,582
Net cash provided by financing activities	5,645	57,973
Net increase (decrease) in cash and cash equivalents	2,415	32,557
Cash and cash equivalents at beginning of period	10,495	9,621
Cash and cash equivalents at end of period	$ 12,910	$ 42,178

See accompanying notes.

Rigel Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(unaudited)

In this Quarterly 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 a broad range of new small molecule product candidates.

2. Basis of Presentation

Our accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. In our opinion, these unaudited condensed financial statements include all adjustments, consisting only of normal recurring adjustments, which we consider 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 period. The balance sheet at December 31, 2004 has been derived from audited financial statements at that date, but does not include all disclosures required by generally accepted accounting principles for complete financial statements.

These unaudited condensed financial statements and the notes accompanying them should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2004.

Comprehensive loss did not differ materially from the net loss as reported.

3. Net Loss Per Share

Basic net loss per share is computed based on the number of weighted average shares outstanding. The calculation of diluted net loss per share excludes shares of potential common stock, consisting of stock options and warrants, because their effect is anti-dilutive.

4. Stock Award Plans

We have elected to continue to follow Accounting Principles Board Opinion No. 25, or APB 25, "Accounting for Stock Issued to Employees," to account for employee stock options because the alternative fair value method of accounting prescribed by Statement of Financial Accounting Standards, or FAS, No. 123, as amended by FAS No. 148 "Accounting for Stock-Based Compensation," requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, the intrinsic value method of accounting, no compensation expense is recognized because the exercise price of our employee stock options equals the market price of the underlying stock on the date of grant.

Pro forma information regarding net loss and net loss per share has been determined as if we had accounted for our employee stock options and employee stock purchase plan under the fair value method prescribed by FAS 123, as amended by FAS 148. The fair value for these options was estimated at the date of grant using the Black-Scholes model.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the options. Our pro forma information follows (in thousands, except per share amounts):

	Three months ended March 31,	
	2005	2004
Net loss as reported:	$ (11,164)	$ (13,051)
Less: Total stock-based employee compensation (recovery)/expense determined under APB 25	(1,261)	804
Add: Total stock-based employee compensation expense determined under the fair value based method for all awards	2,350	1,546
Pro forma net loss	$ (14,775)	$ (13,793)
Basic and diluted net loss per common share:		
As reported	$ (0.57)	$ (0.81)
Pro forma	$ (0.75)	$ (0.86)

5. Revenue Recognition

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.

Revenues related to collaborative research with our corporate collaborators are recognized as research services are performed over the related development funding periods for each contract. 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. Research and development expenses under the collaborative research agreements, except for the Merck collaboration signed in November 2004 related to ubiquitin ligases, approximate or exceed the revenue recognized under such agreements over the term of the respective agreements. For the Merck collaboration, we are recognizing a pro-rata portion of the invoiced amounts for funding of our research scientists based on the headcount dedicated to the project. It is our policy to recognize revenue based on our level of effort expended, however, revenue recognized will not exceed amounts billable under the arrangement which corresponds to cash receipts.

Milestones are recognized pursuant to collaborative agreements upon the achievement of these at risk milestones.

Royalties will be recognized as earned in accordance with the contract terms when the third party results are reliably measurable and collectibility is reasonably assured.

5. CASH, CASH EQUIVALENTS, AND AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consist of the following (in thousands):

	Amortized Cost and Fair Value at	
	March 31, 2005	December 31, 2004
Checking account	$ 1,880	$ 240
Money market funds	8,545	9,261
Federal agency securities	9,298	15,684
Corporate bonds and notes	50,792	46,242
	$ 70,515	$ 71,427
Reported as:		
Cash and cash equivalents	$ 12,910	$ 10,495
Available-for-sale securities	57,605	60,932
	$ 70,515	$ 71,427

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2005				
Federal agency securities	$ 9,320	$ 1	(23)	$ 9,298
Corporate bonds and notes	$ 50,975	3	(186)	50,792
Total	$ 60,295	$ 4	$ (209)	$ 60,090

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2004				
Federal agency securities	$ 15,709	$ 2	$ (27)	$ 15,684
Corporate bonds and notes	46,437	6	(201)	46,242
Total	$ 62,146	$ 8	$ (228)	$ 61,926

As of March 31, 2005, the contractual maturities of debt securities were (in thousands):

	Years to Maturity	
	Within One year	After One year through Five Years
Federal agency securities	$ 9,298	$ —
Corporate bonds and notes	46,959	3,833
Total	$ 56,257	$ 3,833

At March 31, 2005, the above debt securities had a weighted average maturity of approximately 119 days. There were no material gross realized gains or losses from sales of securities in the periods presented. We intend to hold all investments as of March 31, 2005 to maturity.

The following table shows the gross unrealized losses and fair values of our investments in individual securities that have been in a continuous unrealized loss position deemed to be temporary for less than twelve months aggregated by investment category, (in thousands):

	Fair Value	Unrealized (Losses)/gains
March 31, 2005		
Federal agency securities	$ 6,464	$ (23)
Corporate bonds and notes	44,591	(186)
Total	$ 51,055	$ (209)
December 31, 2004		
Federal agency securities	$ 11,706	$ (27)
Corporate bonds and notes	37,294	(201)
Total	$ 49,000	$ (228)

At March 31, 2005, we did not have any investments in individual securities that have been in a continuous unrealized loss position deemed to be other than temporary for more than twelve months. As of March 31, 2005 28 individual securities were in an unrealized loss position. As of December 31, 2004, 32 individual securities were in an unrealized loss position.

Investment Grade Debt Securities. Our investments in investment grade debt securities consist primarily of investments in federal agency securities and corporate bonds and notes. The unrealized losses on our investments in investment grade debt securities were caused by interest rate increases. Due to the fact that the decline in market value is attributable to changes in interest rates and not credit quality, and because the severity and duration of the unrealized losses were not significant, we considered these unrealized losses to be temporary at March 31, 2005.

5. MERCK COLLABORATION

In November 2004, we entered into a broad collaboration agreement with Merck & Co., Inc. to investigate ubiquitin ligases, a new class of drug target, to find treatments for cancer and potentially other diseases. At the time we entered into the agreement, we received an initial cash payment of $7.6 million and funding for our research scientists for two and a half years. We are recognizing the upfront payment ratably over the two and a half year term of the research agreement. We are recognizing a pro-rata portion of the invoiced amounts for funding of our research scientists based on the headcount dedicated to the project. The amount that is deferred is currently anticipated to be recognized as revenue at the end of the research phase of the agreement when all of our obligations have been fulfilled under the terms of the contract, May 2007. As of March 31, 2005, $846,000 has been deferred which represents amounts invoiced to Merck from the initiation of the research term in excess of the required headcount to be allocated to the project through the balance sheet date. We are also eligible to receive milestone payments for preclinical and clinical events in the future. Merck is responsible for worldwide development and commercialization of any resulting compounds and will pay Rigel royalties on future product sales, if any. The collaboration is based on a number of new targets delivered by Merck and does not include our current ligase targets. In addition, we may nominate our own targets for potential inclusion in the collaboration.

6. PFIZER COLLABORATION

On January 18, 2005 we signed a collaborative research and license agreement with Pfizer for the development of intrapulmonary products for the treatment of allergic asthma and chronic obstructive pulmonary disease (COPD). The collaboration is focused on our preclinical small molecule compounds, which inhibit IgE receptor signaling in respiratory tract mast cells by blocking the signaling enzyme Syk kinase. The goal of the collaboration is for Pfizer to nominate two of the licensed compounds in order to commence advanced preclinical development with our assistance. We will earn milestone payments upon the selection of each of the two compounds, as well as in connection with other clinical events and royalties from sales of the resulting products upon marketing approval. Pfizer is responsible for the manufacture of all preclinical and clinical materials for each compound/product and all costs associated with development and commercialization.

In connection with this collaboration, Pfizer paid us $10.0 million upfront and purchased $5.0 million of our common stock at a premium. We will be amortizing the upfront amount into revenue over 24 months which we consider to be the overall amount of time it will take Pfizer to nominate two of our compounds for advanced pre-clinical development.

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, 2005, and the related condensed statements of operations and cash flows for the three-month periods ended March 31, 2005 and 2004. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, 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, 2004, and the related statements of operations, stockholders' equity, and cash flows for the year then ended and in our report dated March 10, 2005, 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, 2004, 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
April 19, 2005

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 accompanying notes included in this report and the 2004 audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2004. Operating results for the three months ended March 31, 2005 are not necessarily indicative of results that may occur in future periods.

Except for the historical information contained herein, the following discussion contains forward-looking statements that are based upon current expectations. Forward-looking statements involve risks and uncertainties and include statements related to:

- *our strategy;*
- *the progress of our research programs, including clinical testing;*
- *sufficiency of our cash resources;*
- *revenues from existing and new collaborations;*
- *product development; and*
- *our research and development and other expenses.*

Words such as "believe," "anticipate," "expect," "estimate," "plan" and similar expressions are intended to identify such forward-looking statements. There can be no assurance that these statements will prove to be correct. Our actual results and the timing of events could differ significantly from those discussed here. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors," as well as those discussed elsewhere in this quarterly report. You should consider our forward-looking statements in light of the risks discussed in "Risk Factors," as well as our financial statements, related notes, and the other financial information appearing elsewhere in this report. Rigel undertakes no obligation to update any of the forward- looking statements contained herein to reflect any future events or developments.

Overview

Rigel Pharmaceuticals, Inc. discovers and develops novel, small-molecule compounds for the treatment of large, unmet medical needs. Our objective is to create a portfolio of product candidates that can be developed for our own proprietary programs and with potential collaborative partners. Our productive discovery engine enables us to move one product candidate into the clinic each year. Currently, we have product development programs for the indications of allergy/asthma, rheumatoid arthritis, cancer, and hepatitis C.

Our objective is creating a portfolio of product candidates that can be developed into small molecule therapeutics for our own proprietary programs and with potential collaborative partners. We believe that producing a portfolio of many product candidates and working in conjunction with pharmaceutical companies increases our probability of commercial success. The product development process is one that is subject to both high costs and high risk of failure. We believe that this approach allows us to minimize the risk of failure, while concurrently strategically placing us in a position to help fill the continuing product pipeline gap at major pharmaceutical companies.

Over the last couple of years, we have matured into a drug development company with multiple product candidates in various stages of development.

- *R112—Product Candidate for Allergic Rhinitis.* In April 2004, we initiated a Phase II "park study" clinical trial in which we measured allergic symptom improvement. On August 2, 2004, we announced the results of this trial, which demonstrate R112 can reduce certain symptoms of allergic rhinitis in a statistically significant manner compared to placebo, has a favorable safety profile, and has a rapid onset of action in symptom improvement. Based on these results we plan to move R112 forward in clinical development with an additional Phase II trial in 2005. This trial is expected to take place in late summer with top line data planned for late 2005.

- *R406—Product Candidate for Rheumatoid Arthritis.* In January 2004, we selected R406 as our lead product candidate to treat rheumatoid arthritis. Phase I clinical

trials were initiated in December 2004 and we announced the preliminary results of the trial in March 2005. Based on the preliminary results of this escalating single-dose and multiple-dose, placebo-controlled study, R406 was well tolerated at the dose levels that we plan to use moving forward. The study also generated pharmacokinetic/pharmacodynamic data establishing a correlation between R406 plasma levels and the inhibition of its target. These results will allow us to enter broader, longer-term safety and pharmacokinetic studies in 2005. These studies will then lay the groundwork for our efficacy studies in 2006.

- *R763—Product Candidate for Oncology.* In July 2004, we selected R763 as our lead product candidate for initial clinical trials in oncology and expect to file and IND in the second half of 2005.

- *R803—Anti-Hepatitis C Virus Product Candidate.* We completed our initial Phase I clinical trial of R803 in January 2004. We commenced a Phase I/II clinical trial of R803 in the United States in mid 2004 and in November 2004, we reported that R803 did not achieve the desired viral titer reduction. We are currently examining various alternatives and expect to determine our next steps with our hepatitis C program in the next few months.

In addition to the above mentioned product candidates, we have ongoing research programs involving back-up candidates for the four product candidates above as well as drug discovery efforts in our immunology, virology, and oncology programs.

Corporate Collaborations

In addition to the preceding programs in which we retain all commercial and economic rights, we also carry on research and development programs in connection with our corporate collaborations. As of March 31, 2005, we have collaborations with five major pharmaceutical companies, including one with Janssen Pharmaceutica N.V., a division of Johnson & Johnson, relating to oncology therapeutics and diagnostics, two with Pfizer Inc., one initiated in 1999 and the other in Q1 2005, relating to asthma and allergy therapeutics, one with Novartis Pharma AG with respect to four different programs relating to immunology, oncology and chronic bronchitis, one with Daiichi Pharmaceuticals Co., Ltd. in the area of oncology, and one with Merck, also in the area of oncology. All of these collaborations, excluding the recent Pfizer collaboration, have a research phase during which we receive or received funding based on the level of headcount allocated to a program. 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 be precluded from receiving any milestone payments or royalties under these agreements. Only the Daiichi and Merck programs provide for regular research reimbursement payments. The research phase of the Daiichi collaboration will end in August 2005.

We are exploring new opportunities with existing and potential collaborators. Our earliest partnerships focused on the early stages of drug discovery, specifically on target discovery and validation. Our collaborations with Daiichi and recently with Merck are both later stage focusing on drug discovery and development. Our 2005 collaboration with Pfizer covers compounds at the preclinical and lead designation stages. We currently anticipate that in order to support our current research programs we will need to self-fund our own research programs, which involve an increased rate of spending, to later stages of development prior to partnering with collaborative partners. Therefore, it is expected that future collaborations may have an expanded focus and could include HTS, combinatorial and medicinal chemistry, preclinical evaluations and/or clinical development of compounds we have discovered. In addition, we believe these future collaborations could be structured to consist of upfront payments, the purchase of our common stock, milestone payments upon meeting certain conditions, research reimbursement payments and/or royalties upon commercialization of products resulting from the collaboration.

Critical Accounting Policies and the Use of Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S generally accepted accounting principles. 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. On an on-going basis, we evaluate our estimates, including those related to terms of the research collaborations, investments, stock compensation, impairment issues, the estimated useful life of assets and contingencies. 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.

We believe that there have been no significant changes in our critical accounting policies during the period ended March 31, 2005 as compared to those previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2004.

Revenue Recognition

We recognize revenue from our contract arrangements. Our revenue arrangements with multiple elements 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 the 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.

Revenues related to collaborative research with our corporate collaborators are recognized as research services are performed over the related development funding periods for each contract. 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. Research and development expenses under the collaborative research agreements, except for the Merck collaboration signed in November 2004 related to ubiquitin ligases, approximate or exceed the revenue recognized under such agreements over the term of the respective agreements. For the Merck collaboration, we are recognizing a pro-rata portion of the invoiced amounts for funding of our research scientists based on the headcount dedicated to the project. It is our policy to recognize revenue based on our level of effort expended, however, revenue recognized will not exceed amounts billable under the arrangement which corresponds to cash receipts.

Milestones are recognized pursuant to collaborative agreements upon the achievement of these at risk milestones.

Royalties will be recognized as earned in accordance with the contract terms when the third party results are reliably measurable and collectibility is reasonably assured.

Stock-based Compensation

Three Months Ended March 31,		Aggregate Change
2005	2004	2005 from 2004
(in thousands)		

Stock-based compensation from:			
Re-priced options	$ (1,266)	$ 763	$ (2,029)
Consultant options	(207)	142	$ (349)
Other employee options	5	41	$ (36)
Total	$ (1,468)	$ 946	$ (2,414)

We record charges associated with the stock options that were eligible for re-pricing under a tender offer initiated in June 2003. All replacement options, as well as the eligible options that were not surrendered under the original offer to exchange, are being treated for financial reporting purposes as variable awards. Therefore, we are recording a non-cash charge (recovery), generally for the intrinsic value of the options as they vest, utilizing the graded vesting method, reflecting increases and decreases (down to, but not below, the exercise price) in the price of our common stock as compensation expense (recovery) in connection with the replacement options and the eligible options that were not exchanged. We expect to continue to reflect increases and decreases in the price of our common stock in our statement of operations with respect to these options until they are exercised, forfeited or terminated. The higher the market value of our common stock, the greater the compensation expense. For the three-month period ended March 31, 2005, we recorded a non-cash compensation recovery of $1.3 million related to all options eligible for replacement options. This recovery resulted from the decrease in the market price of our common stock during this period. For the three-month period ended March 31, 2004, we

recorded a non-cash compensation charge of $0.8 million related to all options eligible for the replacement. This charge resulted from the increase in the market price of our common stock during this period. We are currently evaluating option valuation methodologies and assumptions in light of SFAS 123R related to our employee stock option and employee stock purchase plans.

We also record charges associated with options granted to consultants reflecting the periodic revaluation of outstanding consultant options based upon the current market value of our common stock and other assumptions, including the expected future volatility of our stock price. For the three-month period ended March 31 2005, we recorded a non-cash compensation recovery of $207,000 for revaluation of consultant options. For the three-month period ended March 31 2004, we recorded a non-cash compensation charge of $142,000 for revaluation of consultant options. We expect to see continued fluctuations in the future as a portion of these options are revalued based on the changes in the current market price of our common stock through the application of the graded vesting method.

Three Months Ended March 31, 2005 and 2004

Revenues

	Three Months Ended March 31, 2005	2004	Aggregate Change 2005 from 2004
		(in thousands)	
Contract revenues from collaborations	$ 2,618	$ 1,487	$ 1,131

Revenues by collaborator were:

	Three Months Ended March 31, 2005	2004	Aggregate Change 2005 from 2004
		(in thousands)	
Merck	$ 1,465	$ —	$ 1,465
Daiichi	662	654	8
Pfizer	491	—	491
Novartis	—	833	(833)
Total	$ 2,618	$ 1,487	$ 1,131

Contract revenues from collaborations for the three-month periods ended March 31, 2005 and 2004 consisted of research support and amortization of upfront fees from our collaborations with Merck, Daiichi, Pfizer and, in 2004 only, Novartis. The increase in 2005 revenues of $1.1 million was primarily due to the initiation of the Merck and Pfizer collaborations offset by the termination of the research phase of the Novartis oncology program in 2004. We have deferred approximately $846,000 of research reimbursement revenue from Merck in order to only account for the headcount effort expended by us for the time period invoiced which covers the period from the initiation of the collaboration through March 31, 2005. We expect this amount will be recognized as revenue no later than at the end of the research phase of the collaboration which will be May 2007. We expect contract revenues from collaborations to be the significant component of our total revenues for the foreseeable future.

Research and Development Expenses

	Three Months Ended March 31, 2005	2004	Aggregate Change 2005 from 2004
		(in thousands)	
Research and development expenses	$ 11,173	$ 11,694	$ (521)
Stock based (recovery)/compensation expenses included in research and development expenses	$ (1,027)	$ 785	$ (1,812)

The decrease in research and development expenses of $521,000 in 2005 was primarily attributable to the recovery of stock-based compensation expense related to the re-priced stock options subject to variable accounting, as discussed previously

under “Stock-Based Compensation” in the “Critical Accounting Policies and the Use of Estimates” section offset by an increase in our preclinical and clinical costs and personnel expenses. The increase in our preclinical and clinical costs in 2005 was attributable to costs associated with our Phase I clinical trial for R406, the production of drug substance for our planned Phase I clinical trial of R763, and initiation site costs for our planned Phase II clinical trial for R112.

The scope and magnitude of future research and development expenses are difficult to predict at this time given the number of studies that will need to be conducted for any of our potential products, as well as our limited capital resources. 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 I, II and III clinical studies in humans—each of which is typically more expensive than the previous step. Success in development, therefore, results in increasing expenditures. Our research and development expenditures currently include costs for scientific personnel, supplies, equipment, consultants, sponsored research, allocated facility costs, costs related to preclinical and clinical trials, and stock-based compensation.

Because of the number of research projects we have ongoing at any one time, and the ability to utilize resources across several projects, the majority of our research and development costs are not directly tied to any individual project and are allocated among multiple projects. Our project management is based primarily on scientific data and supplemented by these cost allocations, which are based primarily on human resource time incurred on each project. As a result, the costs allocated to a project do not necessarily reflect the actual costs of the project.

General and Administrative Expenses

	Three Months Ended March 31,		Aggregate Change
	2005	2004	2005 from 2004
	(in thousands)		
General and administrative expenses	$ 2,874	$ 2,913	$ (39)
Stock based (recovery)/compensation expenses included in general and administrative expenses	$ (441)	$ 161	$ (602)

The decrease in general and administrative expenses of $39,000 in 2005 was primarily attributable to the recovery of stock-based compensation expense related to the re-priced stock options subject to variable accounting, as discussed previously under "Stock-Based Compensation" in the "Critical Accounting Policies and the Use of Estimates" section offset by increased legal costs associated with the expansion of our patent estate.

Net Interest Income

	Three Months Ended March 31,		Aggregate Change
	2005	2004	2005 from 2004
	(in thousands)		
Net interest income	$ 265	$ 69	$ 196

Interest income results from our interest-bearing cash and investment balances, whereas interest expense is the result of our capital lease obligations associated with fixed asset purchases. The increase in net interest income in 2005 is primarily attributable to an increase in the overall interest rates earned on our investment balances.

Liquidity and Capital Resources

Cash Requirements

We have financed our operations from inception primarily through sales of equity securities, contract payments payable to us under our collaboration agreements and equipment financing arrangements. We believe that our existing capital resources and anticipated proceeds from current collaborations will be sufficient to support our current operating plan through at least the next twelve months. Our operations will require significant additional funding in large part due to our research and development expenses, future preclinical and clinical-testing costs, our facility lease commitments and the absence of any meaningful revenues for the foreseeable future. The amount of future funds needed will depend largely on the timing and structure of

potential future collaborations. We do not know whether additional financing will be available when needed, or that, if available, we will obtain financing on terms favorable to our stockholders or us. We have consumed substantial amounts of capital to date, and operating expenditures are expected to increase over the next several years as we expand our research and development activities.

On October 15, 2004, we filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission for the proposed offering, from time to time, of up to $150.0 million of our common stock, preferred stock, debt securities and/or warrants.

To the extent we raise additional capital by issuing equity securities, our stockholders could at that time experience substantial dilution. To the extent that we raise additional funds through 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. Our future funding requirements will depend upon many factors, including, but not limited to:

- the progress and success of preclinical studies and clinical trials of our product candidates conducted by us or our collaborative partners or licensees;
- our ability to establish new collaborations and to maintain our existing collaboration partnerships;
- the progress of research programs carried out at Rigel;
- any changes in the breadth of our research and development programs;
- our ability to meet the milestones identified in our collaborative agreements that trigger payments;
- the progress of the research and development efforts of our collaborators;
- 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 rights;
- the costs and timing of regulatory approvals; and
- expenses associated with 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.

As of March 31, 2005, we had $70.5 million in cash, cash equivalents and available-for-sale securities, as compared to $71.4 million as of December 31, 2004, a decrease of $0.9 million. We were able to offset the majority of our operating spending for the three months ended March 31, 2005 by the receipt of $15.0 million from Pfizer per our recently signed collaboration agreement. We also received $1.0 million under our equipment financing arrangements which was offset by $0.5 million in debt service payments. For the three months ended March 31, 2005 and 2004, we maintained an investment portfolio primarily in depository accounts and corporate 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.

Contractual Obligations

The following are our contractual commitments (by fiscal year) as of March 31, 2005 associated with debt obligations, contracted research obligations, and lease obligations:

	Total	2005	2006 -2008	2009 -2010	2011-2018
			(in thousands)		
Debt obligations (1)	$ 2,749	$ 1,087	$ 1,662	$ —	$ —
Facilities leases, net of sublease (2)(3)	176,869	7,586	40,253	26,878	102,152
Total	$ 179,618	$ 8,673	$ 41,915	$ 26,878	$ 102,152

(1) As of March 31, 2005, we had $2.6 million in debt obligations associated with our equipment additions. All existing debt agreements as of March 31, 2005 are secured by the equipment financed and are due in monthly installments through 2008.

(2) During May 2004, we initiated a sublease of approximately 15,000 square feet of our premises to a tenant for a period of two years. The facilities lease obligations above are reflective of the new sublease income stream.

(3) The payments above reflect the fifteen years of the lease term of our facility through January 2018.

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. If any of the following risks actually occurs, our business 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 will need additional capital in the future to sufficiently fund our operations and research.

We have consumed substantial amounts of capital to date, and operating expenditures are expected to increase over the next several years. We believe that our existing capital resources and anticipated proceeds from current collaborations will be sufficient to support our current operating plan through at least the next twelve months. Our operations will require significant additional funding in large part due to our research and development expenses, future preclinical and clinical-testing costs, and the absence of any meaningful revenues for the foreseeable future. The amount of future funds needed will depend largely on the timing and structure of potential future collaborations. We do not know whether additional financing will be available when needed, or that, if available, we will obtain financing on terms favorable to our stockholders or us. We have consumed substantial amounts of capital to date, and operating expenditures are expected to increase over the next several years as we expand our infrastructure and research and development activities.

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

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 preclinical studies and clinical trials of our product candidates conducted by us or our collaborative partners or licensees;
- our ability to establish new collaborations and to maintain our existing collaboration partnerships;
- the progress of research programs carried out at Rigel;
- any changes in the breadth of our research and development programs;
- our ability to meet the milestones identified in our collaborative agreements that trigger payments;
- 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 rights;
- the costs and timing of regulatory approvals; and
- expenses associated with 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.

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 since we were incorporated in June 1996. The extent of our future losses and the timing of potential profitability are highly uncertain, and we may never achieve profitable operations. We incurred net losses of $11.2 million for the first three months of 2005, $56.3 million in 2004, and $41.2 million in 2003. Currently, our revenues are generated solely from research payments pursuant to our collaboration agreements and licenses and are insufficient to generate profitable operations. As of March 31, 2005, we had an accumulated deficit of approximately $223.4 million. We expect to incur losses for at least the next several years and expect that these losses could increase as we expand our research and development activities and incur significant clinical and testing costs.

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

At the present time, the majority of our operations are in the early stages of drug identification and development. To date, three of our product compounds have made it to the clinical testing stage. 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. Our product compounds in the clinic and our future leads for potential drug compounds are subject to the risks and failures inherent in the development of pharmaceutical products based on new technologies. These risks include, but are not limited to, the inherent difficulty in selecting the right drug target and avoiding unwanted side effects as well as unanticipated problems relating to product development, testing, regulatory compliance, manufacturing, marketing, competition and costs and expenses that may exceed current estimates. The results of preliminary studies do not necessarily predict clinical or commercial success, and larger later-stage clinical trials may fail to confirm the results observed in the preliminary studies. With respect to our own compounds in development, we have established anticipated timelines for clinical development based on existing knowledge of the compound. However, we cannot provide assurance that we will meet any of these timelines with respect to the initiation or completion of clinical studies.

We expect to initiate clinical trials of R763 in the second half of 2005. 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 assurance regarding the likely results from our future clinical trials or the impact of those results on our business.

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 preclinical studies and clinical trials. Preclinical testing and clinical development are long, expensive and uncertain processes. 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 may 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, as our projects reach clinical trials, 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. For example, if patients experience undesirable side effects, we may be required to halt or suspend a clinical trial.

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

Significant delays in clinical testing could materially impact our product development costs. We do not know whether planned clinical trials will begin on time, will need to be 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 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. Environmental conditions may impact the execution of some clinical trials, particularly in the allergy area.

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. 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 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.

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 manufacturing capabilities or experience necessary to produce materials, including R112, R406, and R763 for preclinical testing and clinical trials. We rely on a single third-party contractor to produce R112 and R406 bulk drug substance. We also rely on different single manufacturers for finished R112 and R406 product for preclinical and clinical testing. We will rely on manufacturers to deliver materials on a timely basis and to comply with applicable regulatory requirements, including the FDA's current Good Manufacturing Practices, or GMP. These outsourcing efforts with respect to manufacturing preclinical and clinical supplies will result in a dependence on our suppliers to timely manufacture and deliver sufficient quantities of materials produced under GMP conditions to enable us to conduct planned preclinical studies, clinical trials and, if possible, to bring products to market in a timely manner.

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. 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 delayed. Delays in preclinical or clinical testing could delay the filing of our IND applications and/or the initiation of clinical trials that we have currently planned.

Our third-party manufacturers may not be able to comply with the GMP regulations, other applicable FDA regulatory requirements or similar regulations applicable outside of the United States. 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 obtain approval from the FDA or 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.

Because most of our expected future cash proceeds are contingent upon collaborative and license agreements, we might not meet our strategic objectives.

Our ability to generate cash proceeds in the near term depends on our ability to enter into additional collaborative agreements with third parties and to maintain the agreements we currently have in place. Our ability to enter into new collaborations and the cash proceeds, if any, that may be earned under these collaborations is highly uncertain. If we are unable to enter into new collaborations, our business prospects could be harmed, which could have an immediate adverse effect on the trading price of our stock.

To date, most of our cash proceeds have been related to the research phase of each of our collaborative agreements. Such cash proceeds are for specified periods, and the impact of such cash proceeds on our results of operations is partially offset by corresponding research costs. Following the completion of the research phase of each collaborative agreement, additional cash proceeds may come only from milestone payments and royalties, which may not be paid, if at all, until some time well into the future. The 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 cash proceeds 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. In late 2001, we earned the first cash proceed from achievement of milestones in both the Pfizer and Johnson & Johnson collaborations. During

2002, we earned our first milestone for both Novartis and Daiichi. Under many agreements, however, milestone payments may not be earned until the collaborator has advanced products 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 cash proceeds 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 stock.

Our business requires us to generate meaningful cash proceeds from royalties and licensing agreements. To date, we have not received any cash proceeds from royalties for the commercial sale of drugs, and we do not know when we will receive any such cash proceeds, if at all. Likewise, we have not licensed any lead compounds or drug development candidates to third parties, and we do not know whether any such license will be entered into on acceptable terms in the future, if at all.

If our current 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 in the future. We rely on these arrangements for not only financial resources, but also for expertise that we expect to need 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 such third parties 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, such failure might delay ongoing research and development efforts at Rigel 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 December 2003 and the research phases conducted at our facilities under our broad collaboration with Novartis ended in July 2004. The research phase of our corporate collaboration agreement with Daiichi will end in August 2005. In November 2004 we signed a new corporate collaboration with Merck and in January 2005 we signed an additional collaboration with Pfizer. 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.

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.

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. 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.

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 150 pending patent applications and over 50 issued patents in the United States that are owned or exclusively licensed in our field as well as pending corresponding foreign patent applications. In the future, our patent position might be highly uncertain and involve complex legal and factual questions. 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.

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, then our ability to receive patent protection or protect our proprietary information will 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 affect the way we do 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 also 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 ours or our licensors, 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 we or our collaborators 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.

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

Due, in part, to the early stage of our product candidate research and development process, 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 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 clearance to market a product, we must demonstrate that the product is safe and effective on the patient population that will be treated. Data obtained from preclinical and clinical activities are susceptible to varying interpretations that could delay, limit or prevent regulatory clearances. 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, 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.

If regulatory clearance of a product is granted, this clearance will be limited to those 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 clearance.

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 associated with FDA clearance described above and may also include additional risks.

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 competition from pharmaceutical and biotechnology companies both in the United States and abroad.

Our competitors 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 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 us or any of our collaborators in any of those areas may prevent the successful commercialization of our potential drug targets.

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 potential drugs 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.

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 although we are not currently aware of any specific causes for concern with respect to clinical liability claims. We currently do not have product liability insurance, and 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 with only 140 employees as of March 31, 2005, 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 regulatory and clinical personnel. If we lose the services of any of our 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.

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.

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

The market prices for our securities and those 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 receipt or failure to receive the additional funding necessary to conduct our business;
- the progress and success of preclinical studies and clinical trials of our product candidates conducted by us or our collaborative partners or licensees;
- selling by large institutional stockholders;
- 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.

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 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. Some of the securities in which we invest may have market risk. This means that a change in prevailing interest rates may cause the fair value amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the prevailing interest rate later rises, the market value amount of our investment will decline. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents, short-term investments and other long-term investments in a variety of securities, including commercial paper, money market funds and government and non-government debt securities For the three months ended March 31, 2005 and 2004, we maintained an investment portfolio primarily in depository accounts and corporate commercial paper. Due to the short-term nature of the majority of these investments, we believe we do not have a material exposure to interest rate risk arising from our investments. Therefore, no quantitative tabular disclosure is provided.

We have operated primarily in the United States, and all funding activities with our collaborators to date have been made in U.S. dollars. Accordingly, we have not had any exposure to foreign currency rate fluctuations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Based on our management's evaluation (with the participation of our chief executive officer and chief financial officer), our chief executive officer and chief financial officer have concluded that, subject to limitations described below, 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), were effective as of March 31, 2005 to ensure that information required to be disclosed by us in this quarterly report on Form 10-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Controls. There were no changes in our internal controls over financial reporting during the quarter ended March 31, 2005 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 quarterly report on Form 10-Q, 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

On March 10, 2005, we issued 190,694 shares of our common stock to Pfizer Inc. in connection with a collaborative research and license agreement, resulting in gross cash proceeds of approximately $5,000,000. The shares were exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act. This exemption was claimed because the shares were issued to an accredited investor and the offering otherwise met the requirements for the Rule 506 exemption

Item 6. Exhibits

a) Exhibits:

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

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

Date: May 6, 2005

By: /s/ JAMES H. WELCH
James H. Welch
Vice President, Chief Financial Officer and Corporate Secretary
(Principal Financial and Accounting Officer)

Date: May 6, 2005

INDEX TO EXHIBITS

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation. (1)
3.2	Amended and Restated Bylaws. (2)
4.1	Specimen Common Stock Certificate. (1)
4.2	Amended and Restated Investor Rights Agreement, between Rigel and holders of Rigel's Series B, Series C, Series D and Series E preferred stock, dated February 3, 2000. (2)
4.3	Form of warrant to purchase shares of common stock. (2)
4.7	Amended and Restated Warrant issued to Kwacker Limited for the purchase of shares of common stock. (3)
4.8	Warrant issued to TBCC Funding Trust II for the purchase of shares of common stock. (4)
4.10	Warrant issued to Kwacker Limited for the purchase of shares of common stock. (3)
4.23	Second Investor Rights Agreement between Rigel and certain investors, dated June 26, 2003. (5)
4.24	Common Stock Purchase Agreement by and between Rigel and Pfizer Inc., dated March 10,2005 (6)
10.30	Collaborative Research and License Agreement by and between Rigel and Pfizer Inc., dated January 18, 2005 (7)
10.31	2005 Base Salaries for Named Executive Officers (8)(9)
10.32	2005 Cash Incentive Plan (8)(9)
15.1	Letter re: 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 on June 24, 2003 and incorporated herein by reference.
(2) Filed as an exhibit to Rigel's Registration Statement on Form S-1, as amended, and incorporated herein by reference.
(3) Filed as an exhibit to Rigel's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and incorporated herein by reference.
(4) Filed as an exhibit to Rigel's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 and incorporated herein by reference.
(5) Filed as an exhibit to Rigel's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference.
(6) Filed as Exhibit B to the Collaborative Research and License Agreement by and between Rigel and Pfizer Inc., dated January 18, 2005 (Exhibit 10.30 to this Quarterly Report on Form 10-Q) and incorporated herein by reference.
(7) Confidential Treatment requested as to specific portions, which portions are omitted and filed separately with the Securities and Exchange Commission.
(8) Filed as an exhibit to Rigel's Current Report on Form 8-K filed on February 2, 2005 and incorporated herein by reference.
(9) Management contract or compensation plan.

COLLABORATIVE RESEARCH AND LICENSE AGREEMENT

THIS COLLABORATIVE RESEARCH AND LICENSE AGREEMENT (the "Agreement") is entered into as of January 18, 2005 by and between **RIGEL PHARMACEUTICALS, INC.**, a Delaware corporation with its offices at 1180 Veterans Boulevard, South San Francisco, California 94080 ("Rigel"), and **PFIZER INC.**, a Delaware corporation with its offices at 235 East 42nd Street, New York, New York 10017 ("Pfizer"). Rigel and Pfizer may be referred to herein individually as a "Party" or collectively, as the "Parties."

RECITALS

WHEREAS, Pfizer is a pharmaceutical company engaged in the discovery, development, marketing, manufacture and distribution of pharmaceutical products;

WHEREAS, Rigel is a pharmaceutical company engaged in the discovery and development of novel pharmaceuticals including Syk tyrosine kinase inhibitors;

WHEREAS, Rigel and Pfizer desire to enter into a relationship to identify, develop and commercialize Syk tyrosine kinase inhibitors for use in the diagnosis, treatment or prevention of certain Allergy and Respiratory Conditions;

WHEREAS, Rigel is prepared to grant Pfizer a license to allow Pfizer to commercialize products arising from this relationship for such purposes; and

WHEREAS, Rigel is separately engaged in the development of products for allergic rhinitis, and the Parties have agreed to exclude that indication from the field of Allergy and Respiratory Conditions for purposes of this Agreement, subject to Section 5.5;

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

1. DEFINITIONS

1.1 "Acquisition Proposal" shall mean any tender offer or exchange offer to the stockholders of Rigel, or an offer accepted by the Board of Directors of Rigel, with respect to a Business Combination or involving the purchase of **[*]** or more of the outstanding Voting Stock of Rigel, or newly issued securities, which after the issuance thereof, represent **[*]** or more of the Voting Stock of Rigel.

1.2 "Advanced Preclinical Development" means any of the following activities: (i) the commencement of manufacturing process scale-up of a Compound, (ii) the selection of a solid dose formulation of a Compound, (iii) the initiation of preclinical toxicology studies of a Compound, or (iv) the synthesis by Pfizer or receipt by Pfizer of quantities of a Compound in excess of 200 grams as needed to commence toxicology studies.

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1.3 "Affiliate" means a person, corporation, partnership, or other entity that controls, is controlled by or is under common control with a Party. For the purposes of this Section 1.3, the word "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 the management and policies of such entity, whether by the ownership of at least fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

1.4 "Allergy and Respiratory Conditions" means all human diseases and disorders resulting from an allergic reaction to an antigen, or primarily involving respiratory or pulmonary dysfunction, and shall include without limitation asthma and chronic obstructive pulmonary disease ("COPD"), but shall specifically exclude allergic rhinitis. Allergy and Respiratory Conditions shall exclude autoimmune disorders, provided that asthma and COPD shall always be considered Allergy and Respiratory Conditions even if the underlying basis of asthma and COPD is an autoimmune disorder.

1.5 "Business Combination" shall mean (a) merger, consolidation, reorganization, acquisition, liquidation, scheme or other analogous arrangement with a Third Party in which Rigel is a constituent corporation or party and pursuant to which Voting Stock of Rigel is or may be exchanged for cash, securities or other property, or (b) a sale of a material portion of the assets of Rigel representing not less than **[*]** of the fair market value of Rigel.

1.6 "Business Day" means a day other than a Saturday, Sunday, bank or other public holiday in the state of New York.

1.7 "Change of Control" means that any of the following has occurred:

(a) any Person becomes the beneficial owner, directly or indirectly, of **[*]** or more of the Voting Stock of Rigel; or

(b) Rigel enters into an agreement with any Person providing for the sale or other disposition of all or substantially all of the assets of Rigel; or

(c) Rigel closes an agreement with any Person providing for a consolidation or merger of Rigel with another person or other entity (other than with any of Rigel's subsidiaries) that results in the shareholders of Rigel immediately before the occurrence of the consolidation or merger receiving only cash for their Rigel shares or securities (whether or not in combination with cash) representing, in the aggregate, less than **[*]** of the Voting Stock of the surviving entity immediately after consolidation or merger; or

(d) a change in Rigel's Board of Directors occurs with the result that the members of the Board on the date of this Agreement (the "Incumbent Directors") no longer constitute a majority of such Board of Directors, provided that any person becoming a director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest or the settlement thereof, including but not limited to a consent solicitation, relating to the election of directors of Rigel) whose election or nomination for election was supported by at least two-thirds (2/3) of the then Incumbent Directors shall be considered an Incumbent Director for purposes hereof; or

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(e) Rigel enters into an agreement with any Person providing for the matters described in subsections (a) or (d) above.

1.8 **"Collaboration"** means all activities performed by or on behalf of Rigel or Pfizer in the course of performing their obligations pursuant to the Research Program.

1.9 **"Combination Product"** means a Product containing a Compound and one or more other pharmaceutically active agents.

1.10 **"Commence"** or **"Commencement"** when used to describe a Phase I Trial, Phase II Trial, or Phase III Trial, means the first dosing of the first patient for such trial.

1.11 **"Commercialization"** means all activities that are undertaken after Regulatory Approval of an NDA for a particular Product and that relate to the commercial marketing and sale of such Product including advertising, marketing, promotion, distribution, and Phase IV Trials.

1.12 **"Competing Product"** means any Syk Inhibitor for Intrapulmonary Administration that has received Regulatory Approval for an indication in the Field, which Syk Inhibitor is not a Product.

1.13 **"Compound"** means, initially, the compounds listed on Schedule 1.13 as of the Effective Date, and thereafter (i) shall exclude any of the compounds listed on Schedule 1.13 that are determined to fall within clause (a), (b) or (c) below, and (ii) shall be expanded to include all Compound Analogs and Derivatives, and all prodrugs, salts and polymorphs of each Compound, that are shown to inhibit SYK with an **[*]** and are not excluded from the definition of "Compound" pursuant to clauses (a), (b) or (c) below. The following compounds shall be excluded from the definition of "Compound":

(a) any such compound that is shown to have an oral bioavailability in rats of greater than **[*]**; and

(b) any such compound that is eliminated from the definition of "Compound" pursuant to Section 3.3 or Section 3.4; and

(c) any such compound that reverts to Rigel under Section 9.3.

Schedule 1.13 shall be updated from time to time, upon the request of either Party, to reflect additions or deletions that have occurred after the Effective Date.

1.14 **"Compound Analogs and Derivatives"** shall mean (a) all compounds created through the addition or deletion of chemical moieties that are covalently bound to the **[*]** of the compounds listed on Schedule 1.13 (including compounds listed on such Schedule that are determined not to be Compounds), and (b) all stereoisomers of Compounds or of the compounds described in clause (a) of this Section 1.14, whether or not such stereoisomers are created through the addition or deletion of chemical moieties that are covalently bound to the **[*]** of such compounds. For clarity, Compound Analogs and Derivatives shall exclude salts, polymorphs and physical forms of Compounds.

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1.15 **"Confidential Information"** means all Information, and other information and materials, received by either Party from the other Party pursuant to this Agreement and that is designated as confidential at the time of disclosure or promptly thereafter.

1.16 "**Control**" means, with respect to any intellectual property right, that a Party owns or has a license to such item or right, and has the ability to grant a license or sublicense in or to such right without violating the terms of any agreement or other arrangement with any Third Party.

1.17 **"Develop" or "Development"** means, with respect to the Product, the performance of all research, pre-clinical, clinical and regulatory activities required to obtain Regulatory Approval of a Product in the Territory; provided, however, that Develop or Development shall not include the performance by either Party of its obligations under the Research Program.

1.18 **"Development Plan"** has the meaning set forth in Section 4.1.

1.19 "**Diligent Efforts**" means the carrying out of obligations or tasks in a manner consistent with the efforts a Party devotes to research, development or marketing of a pharmaceutical product or products of similar market potential, profit potential or strategic value resulting from its own research efforts, taking into account technical and regulatory factors, target product profiles, product labeling, past performance, economic return, the regulatory environment and competitive market conditions in the therapeutic area, all based on conditions then prevailing. Diligent Efforts requires that a Party, at a minimum, assign responsibility for such obligations to qualified employees, set annual goals and objectives for carrying out such obligations, and allocate resources designed to meet such goals and objectives.

1.20 **"Effective Date"** means the date that the applicable waiting period under the HSR Act shall have expired or been terminated with respect to this Agreement.

1.21 "**FDA**" means the United States Food and Drug Administration, or any successor federal agency thereto.

1.22 "**Field**" means the prevention and treatment of Allergy and Respiratory Conditions in humans.

1.23 **"FTE"** means the equivalent of one person working full time for one 12-month period in a research, development, commercialization, regulatory or other relevant capacity, approximating 1800 hours per year. In the interests of clarity, though, a single individual who works more than 1800 hours in a single year shall be treated as one FTE regardless of the number of hours worked.

1.24 **"Generic Product"** means any pharmaceutical product, other than a Product, that contains the same Compound as the relevant Product and can reasonably be or is reasonably used for the same indication or indications as such Product.

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1.25 "Good Clinical Practices" or "GCP" means current Good Clinical Practices as specified in the United States Code of Federal Regulations, at the time of testing, and all FDA and ICH guidelines, including the ICH Consolidated Guidelines on Good Clinical Practices.

1.26 "Good Laboratory Practices" or "GLP" means current Good Laboratory Practices as specified in the United States Code of Federal Regulations at 21 CFR § 58 at the time of testing and all applicable ICH guidelines.

1.27 "Good Manufacturing Practices" or "GMP" means current Good Manufacturing Practices and standards as provided for (and as amended from time to time) in European Community Directive 91/356/EEC (Principles and Guidelines of Good Manufacturing Practice for Medicinal Products) and in the Current Good Manufacturing Practice Regulations of the United States Code of Federal Regulations Title 21 (21 CFR §§ 210-211) in relation to the production of pharmaceutical intermediates and active pharmaceutical ingredients, as interpreted by ICH Harmonized Tripartite Guideline, Good Manufacturing Practice Guide for Active Pharmaceutical Ingredients, and subject to any arrangements, additions or clarifications agreed from time to time between the Parties.

1.28 "Governmental Authority" means any court, agency, department or other instrumentality of any foreign, federal, state, county, city or other political subdivision.

1.29 "HSR Act" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.30 "IND" means an Investigational New Drug Application filed with the FDA or the equivalent application or filing filed with any equivalent agency or government authority outside of the United States (including any supra-national agency such as in the European Union) necessary to Commence human clinical trials in such jurisdiction, and including all regulations at 21 CFR § 312 et. seq. and equivalent foreign regulations.

1.31 "**Information**" means information, results and data of any type whatsoever, including without limitation, databases, inventions, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and patent and other legal information or descriptions.

1.32 "Intrapulmonary Administration" means the delivery of a pharmaceutical product to the lung, and shall include without limitation dry powder formulations and aerosolized liquids or suspensions for delivery to the lung by means of the mouth, but shall exclude without limitation liquids or suspensions designed for intranasal administration. Intrapulmonary Administration shall exclude the Oral Delivery and intravenous administration of drugs.

1.33 "Know-How" means any non-public, proprietary Information and other data, instructions, processes, methods, formulae, materials, expert opinions and information, including without limitation, biological, chemical, pharmacological, toxicological, pharmaceutical,

physical and analytical, clinical, safety, manufacturing and quality control data and information. Know-How does not include any rights under Patents.

1.34 "Joint Research Committee" or **"JRC"** means the committee described in Section 2.1.

1.35 "Launch" means the first shipment of a Product in commercial quantities for commercial sale by Pfizer, its Affiliates or its sublicensees to an unaffiliated Third Party in a country after receipt by Pfizer of the first Regulatory Approval for such Product in such country.

1.36 "Major European Country" means the United Kingdom, Spain, France, Germany and Italy.

1.37 "NDA" means a New Drug Application filed with the FDA or the equivalent application or filing filed with any equivalent Governmental Authority outside of the United States necessary for approval of a drug in such jurisdiction.

1.38 "Net Sales" means

(a) with respect to a Product (subject to subsections (b) and (c) below), the amount received by a Party or its Affiliate or a Third Party sublicensee for sales of such Product, to Third Parties, less (i) actual bad debts related to such Product and (ii) sales returns and allowances actually paid, granted or accrued, including, without limitation, trade, quantity and cash discounts and any other adjustments, including, but not limited to, those granted on account of price adjustments, billing errors, rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers or other institutions, adjustments arising from consumer discount programs, including without limitation Pfizer Pfriends or similar programs, customs or excise duties, sales tax, consumption tax, value added tax, and other taxes (except income taxes) or duties relating to sales, and any payment in respect of sales to the United States government, any State government or any foreign government, or to any governmental or regulatory authority, or with respect to any government-subsidized program or managed care organization, and freight and insurance (to the extent that Pfizer bears the cost of freight and insurance for a Product); and

(b) in the case of Combination Products,

(i) if Pfizer and/or its Affiliates and/or any Third Party separately sells in such country during such year when it sells such Combination Product both (1) one or more Products as a single chemical entity and (2) other products containing active ingredient(s) as a single entity that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such year shall be calculated by multiplying actual Net Sales of such Combination Product by the fraction A/(A+B) where: A is Pfizer's (or its Affiliates or Third Parties, as applicable) average Net Sales price per daily dose during such year for each Product in such Combination Product in such country and B is the sum of the average of Pfizer's (or its Affiliates or Third Parties, as applicable) Net Sales price per daily dose during such year

in such country, for each product(s) containing, the active ingredient(s) in such Combination Product (other than the Product);

(ii) if Pfizer and/or its Affiliates and/or any Third Party separately sells, in such country during such year when it sells such Combination Product, one or more Products as a single chemical entity but do not separately sell, in such country, other products containing active ingredient(s) that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such year shall be calculated by multiplying the Net Sales of such Combination Product by the fraction A/C where: A is Pfizer's (or its Affiliates or Third Parties, as applicable) average Net Sales price per daily dose during such year for each Product in such Combination Product in such country, and C is Pfizer's (or its Affiliates or Third Parties, as applicable) average Net Sales price per daily dose during such year for the Combination Product in such country;

(iii) if Pfizer and/or its Affiliates and/or Third Parties do not separately in such country during such year sell each Product contained in the Combination Product, then the Net Sales attributable to such Combination Product shall be D/(D+E) where D is the fair market value of the portion of the Combination Product that contains the Product and E is the fair market value of the portion of the Combination Product containing the other active ingredient(s) and the delivery device included in such Combination Product, as such fair market values are determined by mutual agreement of the Parties; and

(c) if a Product is packaged with a delivery device or sold together with a delivery device for a single price, then the Net Sales for the purpose of determining the royalty due to the other Party pursuant to Section 6.3 shall include the sales price of both the Product and the delivery device.

1.39 "Oral Delivery" means the administration of a human pharmaceutical product via the mouth in any form other than for the purpose of delivery of such product specifically to the lung. Oral Delivery shall include without limitation the delivery of products in the form of a pill or a non-aerosolized liquid or suspension, or sublingually.

1.40 "Other Topical Administration" means any topical administration of a human pharmaceutical product, including without limitation patches and ophthalmologic application, but excluding Intrapulmonary Administration and intranasal administration.

1.41 "Patent" means: (a) an issued unexpired patent (including inventor's certificate) that has not been held invalid or unenforceable by a court of competent jurisdiction from which no appeal can be taken or has been taken within the required time period, including without limitation any substitution, extension, registration, confirmation, reissue, re-examination, renewal or any like filing thereof; or (b) any pending patent application, including without limitation any continuation, division or continuation-in-part thereof and any provisional application.

1.42 "Person" means an individual, corporation, partnership, company, joint venture, unincorporated organization, limited liability company or partnership, sole proprietorship,

association, bank, trust company or trust, whether or not legal entities, or any governmental entity or agency or political subdivision thereof.

1.43 "Pfizer Know-How" means all Know-How Controlled by Pfizer or its Affiliates that is developed by or on behalf of Pfizer pursuant to the Collaboration and is necessary or useful for the research, development, manufacture, importation, use or sale of Compounds or Products, including without limitation Pfizer's rights in any jointly-owned Know-How.

1.44 "Pfizer Patents" means any Patents Controlled by Pfizer or its Affiliates that are based on inventions made by or on behalf of Pfizer pursuant to the Collaboration and are necessary or useful for the development, manufacture, importation, use or sale of Products, including without limitation Pfizer's rights in any jointly-owned Patents.

1.45 "Pfizer Quarter" means (i) in the United States, each of the four (4) thirteen (13) week periods as used by Pfizer in its audited financial reports, the first commencing on January 1 of any year, and (ii) in any country in the Territory other than the United States, each of the four (4) thirteen (13) week periods as used by Pfizer in its audited financial reports, the first commencing on December 1 of any year.

1.46 "Pfizer Technology" means Pfizer Patents and Pfizer Know-How.

1.47 "Phase I Trial" means a clinical trial that generally provides for the first introduction into humans of a Product with the primary purpose of determining safety, metabolism and pharmacokinetic properties and clinical pharmacology of the Product, and generally consistent with 21 CFR § 312.21(a).

1.48 "Phase II Trial" means a clinical trial of a Product on patients, including possibly pharmacokinetic studies, the principal purpose of which is to make a preliminary determination that such Product is safe for its intended use and to obtain sufficient information about such Product's efficacy to permit the design of further clinical trials, and generally consistent with 21 CFR § 312.21(b). A Phase II Trial may be either a Phase II(a) Trial or a Phase II(b) Trial.

1.49 "Phase II(a) Trial" means a Phase II Trial intended for dose exploration, dose response, duration of effect, kinetic/dynamic relationship and preliminary efficacy and safety study of a candidate drug in the target patient population.

1.50 "Phase II(b) Trial" means a controlled dose ranging Phase II Trial to evaluate further the efficacy and safety of a candidate drug in the target patient population and to define the optimal dosing regimen.

1.51 "Phase III Trial" means a clinical trial that provides for a pivotal human clinical trial of a Product, which trial is designed to: (a) establish that a Product is safe and efficacious for its intended use; (b) define warnings, precautions and adverse reactions that are associated with the Product in the dosage range to be prescribed; (c) support Regulatory Approval of such Product; and (d) generally consistent with 21 CFR § 312.21(c).

1.52 "Phase IV Trial" means clinical trial of a Product Commenced in a particular country after Regulatory Approval for such Product in such country in order

to support commercialization of the Product.

1.53 "Preclinical Development" means those Development activities performed prior to the filing of an IND.

1.54 "Product" means any pharmaceutical product comprised of a Compound, alone or in combination with one or more therapeutically active ingredients, whether or not combined with an inhalation or similar device, the manufacture, use, sale, offer for sale or importation of which, in the absence of a license, would infringe any of the Rigel Patents including Patents jointly-owned by the Parties.

1.55 "Proxy Solicitation" means any solicitation of proxies or stockholder consents (as such terms are defined under Regulation 14A and Regulation 14C of the Securities Exchange Act) to vote or seek to advise or influence in any manner whatsoever any Person with respect to the Voting Stock of Rigel.

1.56 "R-112" means the Rigel Syk tyrosine kinase inhibitor that (a) is identified in IND No. 66,176 filed with the FDA for Rigel's R-112 Nasal Spray; and (b) was the product candidate that entered into a Phase I Trial to treat allergic rhinitis in September 2002, and was the product candidate that entered into a Phase II Trial for allergic rhinitis in April 2004, sponsored by Rigel.

1.57 "[*]" means the Syk tyrosine kinase inhibitor set forth inSchedule 1.57.

1.58 "Regulatory Approval" means any and all approvals (including supplements, amendments, pre- and post-approvals, pricing and reimbursement approvals), licenses, registrations or authorizations of any national, supra-national (e.g., the European Commission or the Council of the European Union), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, that are necessary for the manufacture, distribution, use or, in Pfizer's reasonable judgment, widespread sale of a Product in a regulatory jurisdiction.

1.59 "Regulatory Authority" means any Governmental Authority with responsibility for granting any licenses or approvals necessary for the marketing and sale of pharmaceutical products including, without limitation, the FDA and any drug regulatory authority of countries of the European Union, and Japan, and where applicable any ethics committee or any equivalent review board.

1.60 "Regulatory Filing" means the NDA, biologic license application ("BLA"), IND, or any foreign counterparts thereof and any other filings required by regulatory authorities relating to the study, manufacture or commercialization of any Product.

1.61 "Research Plan" has the meaning set forth in Section 3.1.

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1.62 "Research Program" means the Research Program established by the Parties pursuant to this Agreement.

1.63 "Research Term" means the period from the Effective Date to the later of (a)**[*]** thereafter, or (b) the completion by **[*]** on Exhibits A-1 and A-2, subject to extension in the event the Parties commence de novo compound discovery under Section 3.10.

1.64 "Rigel Know-How" means all Know-How Controlled by Rigel or its Affiliates that is necessary or useful for the research, development, manufacture, importation, use or sale of the Compounds or Products, including without limitation Rigel's rights in any jointly-owned Know-How.

1.65 "Rigel Patents" means any Patents Controlled by Rigel or its Affiliates that are necessary or useful for the research, development, manufacture, importation, use or sale of the Compounds or Products, including without limitation, the Patents listed on Schedule 1.65, as well as Rigel's rights in any jointly-owned Patents. Patents owned jointly by the Parties shall be deemed Controlled by Rigel for purposes of this Section 1.65.

1.66 "Rigel Technology" means Rigel Patents and Rigel Know-How.

1.67 "Royalty Term" means on a country-by-country and Product-by-Product basis, the later of: (A) the last to expire Valid Claim Controlled by Rigel covering a Product in such country, and (B) **[*]** years following the Launch of such Product in such country.

1.68 "Standstill Period" shall mean the period commencing on the execution date of this Agreement and terminating **[*]** after such date.

1.69 "SYK" shall mean an enzyme comprised of the amino acid sequence for spleen tyrosine kinase as identified onSchedule 1.69, including all allelic variations or derivatives thereof, or homologues whose amino acid sequence has **[*]** or greater homology with such sequence.

1.70 "Syk Inhibitor" means a compound whose primary known mechanism of action is the direct inhibition of SYK.

1.71 "Term" has the meaning assigned to it in Section 9.1.

1.72 "Territory" means worldwide.

1.73 "Third Party" means a person or entity other than (a) Pfizer, (b) Rigel or (c) an Affiliate of either of them.

1.74 "Valid Claim" means a claim of any issued, unexpired United States or granted foreign Rigel Patent (as Patent is defined in Section 1.41(a)) that has not been dedicated to the public, disclaimed, abandoned or held invalid or unenforceable by a court or other body of competent jurisdiction in an unappealed or unappealable decision, and that has not been explicitly disclaimed, or admitted by Rigel in writing to be invalid or unenforceable or of a scope not covering Products through reissue, disclaimer or otherwise.

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1.75 "Voting Stock" means securities of any class or series of a corporation or association the holders of which are ordinarily, in the absence of contingencies,

entitled to vote generally in matters put before the shareholders or members of such corporation or association.

2. MANAGEMENT OF THE RESEARCH PROGRAM

2.1 Joint Research Committee.

(a) The Research Program established by this Agreement shall be overseen by a joint research committee composed of four (4) representatives from each Party (the "Joint Research Committee" or "JRC"). The Parties shall designate their JRC representatives within ten (10) days after the Effective Date. An alternate member designated by a Party may serve temporarily in the absence of a permanent member of the JRC for such Party. Each Party shall designate one of its representatives as a co-chair of the JRC. The co-chairs of the JRC shall be jointly responsible for setting the agenda for each meeting, and each co-chair will be responsible for chairing alternating JRC meetings. From time to time, the JRC may establish subcommittees or subordinate committees (that may or may not include members of the JRC itself) to oversee particular projects or activities, and such subcommittees or subordinate committees shall be constituted and shall operate as the JRC agrees. The JRC shall disband automatically at the end of the Research Term, provided, however, that after termination of the Research Term, the JRC may continue to meet at its own discretion for purposes related to the Collaboration should the JRC unanimously decide that such continued meetings are in the best interest of the Collaboration.

(b) All decisions of the JRC made pursuant to this Agreement shall be made by unanimous consent of its members. If for any reason the JRC cannot reach unanimity within ten (10) Business Days of the JRC meeting at which such matter was first discussed, then, except as set forth in Section 2.1(c), the matter shall be referred to a vice president of Pfizer and a senior executive of Rigel for resolution. Neither of such Pfizer vice president or Rigel senior executive shall at the time of determination be a member of the JRC or of any subcommittee of the JRC. If such Pfizer vice president and Rigel senior executive cannot resolve the matter in good faith within ten (10) Business Days after attempting to find a mutually satisfactory resolution to the issue, then the matter shall be decided in good faith by such Pfizer vice president.

(c) Any changes to the Research Plan expanding Rigel's obligations or requiring Rigel to exert additional efforts shall require the unanimous consent of the JRC. If the JRC fails to reach unanimous consent regarding any such change to the Research Plan, then the obligations of Rigel shall not be increased.

2.2 Meetings. The JRC shall hold meetings at such times and places as shall be determined by the JRC (it being expected that any in-person meetings will alternate between the offices of each Party), but in no event shall such meetings be held less frequently than once every three (3) months during the Research Term; and the JRC may:

(a) conduct meetings in person, by videoconference or by telephone conference;

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(b) invite other personnel of the Parties to attend meetings of the JRC as appropriate to the agenda for such meeting, after giving notice to the other Party;

(c) act without a meeting if, prior to such action, a consent thereto is signed by the co-chairs of the JRC; and

(d) by unanimous consent, amend or expand upon the foregoing procedures for its internal operation.

2.3 Minutes. At each meeting, the JRC shall elect a secretary who will prepare, within fifteen (15) Business Days after each meeting, minutes reporting in reasonable detail the actions taken by the JRC during such meeting, the status of the Research Program as described in the relevant JRC meeting, issues requiring resolution, and resolutions of previously reported issues. Such minutes are to be reviewed and, if reasonably complete and accurate, signed by one JRC member from each Party. The secretary shall revise such minutes as necessary to obtain such signatures.

2.4 JRC Functions and Powers. The research activities of the Parties under this Agreement shall be managed by the JRC only to the extent set forth herein (unless otherwise mutually agreed in writing by the Parties). The JRC shall foster the collaborative relationship between the Parties in order to assist each Party in fulfilling its obligations under this Agreement, and shall in particular:

(a) encourage and facilitate ongoing cooperation and information exchange between the Parties;

(b) monitor the progress of the Research Program and the Parties' diligence in carrying out their responsibilities thereunder;

(c) prepare any amendments to the Research Plan, if the JRC should determine that any such amendments are necessary;

(d) set priorities, allocate tasks and coordinate activities between the Parties, in each case as required to perform the Research Program;

(e) perform such other functions as appropriate to further the purposes of this Agreement as mutually determined by the Parties.

The JRC shall have no power to amend this Agreement and shall have only such powers as are specifically delegated to it hereunder.

2.5 Independence. Subject to the terms of this Agreement, the activities and resources of each Party shall be managed by such Party, acting independently and in its individual capacity. The relationship between Rigel and Pfizer is that of independent contractors and neither Party shall have the power to bind or obligate the other Party in any manner, other than as is expressly set forth in this Agreement.

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3. CONDUCT OF THE RESEARCH PROGRAM AND SELECTION OF COMPOUNDS FOR PRECLINICAL DEVELOPMENT.

3.1 Research Plan. The Parties shall conduct the Research Program according to a research plan (the "Research Plan"). The initial Research Plan has been approved by the Parties concurrent with the execution of this Agreement and is attached hereto as Exhibits A-1 and A-2. The Research Plan may be amended from time to

time by the JRC during the Research Term, based upon the data obtained in the Research Program, provided such amendments do not violate or contradict any provision of this Agreement. In the event of an inconsistency or disagreement between the Research Plan and this Agreement, the terms of this Agreement shall prevail.

3.2 Conduct of Research. The Parties shall use Diligent Efforts to conduct their respective tasks as assigned under the Research Plan throughout the Research Program. In addition, the Parties shall conduct the Research Program in compliance in all material respects with the requirements of applicable laws, rules and regulations and all applicable GLP to attempt to achieve their objectives efficiently and expeditiously.

3.3 Assessment of [*]. Rigel and Pfizer shall, **[*]**, use Diligent Efforts to carry out its obligations under the Research Plan as set forth in Exhibit A-1 with respect to the Compound designated as **[*]**. With respect to such Compound, Pfizer shall have the option to retain the exclusive rights to **[*]** granted in Section 5.1 by paying to Rigel the amount set forth in Section 6.2(a)(i) no later than the earlier of (i) the date that is one hundred and eighty (180) days following Rigel's completion of the tasks designated in Exhibit A-1 to be carried out by Rigel for **[*]**, and the delivery to Pfizer of the data resulting from such Rigel tasks; and (ii) Pfizer's decision to commence Advanced Preclinical Development for **[*]**. If Pfizer has not made the payment under Section 6.2(a)(i) within the time period set forth in this Section 3.3 (as such time period may be extended pursuant to Section 3.5), then **[*]** shall be deleted from the definition of "Compound" and Rigel may thereafter license, develop and commercialize such compound, subject to the restrictions set forth in Section 5.3.

3.4 Assessment Of Other Compounds.

(a) Rigel's undertaking with respect to the Compounds under Sections 3.3 and 3.4 shall be to perform work directed towards the delivery to Pfizer of at least two (2) candidates for Advanced Preclinical Development within **[*]** from the Effective Date. If Pfizer selects **[*]** for Advanced Preclinical Development under Section 3.3, then Rigel shall perform work directed towards the delivery to Pfizer of at least one (1) additional candidate for Advanced Preclinical Development under this Section 3.4. If Pfizer does not select **[*]** for Advanced Preclinical Development under Section 3.3, then Rigel shall perform work directed towards the delivery to Pfizer of two (2) other candidates for Advanced Preclinical Development under this Section 3.4. The Parties may also agree to extend the Research Term under Section 3.10 in pursuit of additional candidates for Advanced Preclinical Development. Rigel and Pfizer shall, each at its own expense, use Diligent Efforts to carry out its obligations under the Research Plan as set forth in Exhibit A-2, with respect to the Compounds other than **[*]**, but not to perform the tasks set forth on Exhibit A-2 with respect to various Compounds beyond the level reasonably necessary to deliver more than two (2) candidates for Advanced Preclinical Development. With respect to Compound(s) other than **[*]** proposed by Rigel for Advanced Preclinical Development, Pfizer

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shall have the right to retain the exclusive license to such Compound(s) granted in Section 5.1 by paying to Rigel the amount set forth in Section 6.2(a)(i) or Section (a)(ii), as applicable, no later than the earlier of (i) the date that is one hundred and eighty (180) days following Rigel's completion of the tasks designated in the Research Plan to be carried out by Rigel to enable Pfizer to consider a candidate for Advanced Preclinical Development, and the delivery to Pfizer of the data resulting from such Rigel tasks, provided, however, that such delivery takes place no sooner than twelve (12) months after the delivery of the data resulting from Rigel's tasks for the first candidate, or such earlier time as the JRC might establish; and (ii) Pfizer's decision to commence Advanced Preclinical Development for such Compound. For avoidance of doubt, the payment by Pfizer of any Event Milestone Payment under Sections 6.2(a)(i) or 6.2(a)(ii) shall not relieve Rigel of its obligation to complete any remaining work under the Research Plan related to the delivery to Pfizer of two (2) candidates for Advanced Preclinical Development.

(b) If Pfizer makes a payment under Section 6.2(a)(i) but does not make a payment under Section 6.2(a)(ii) within the time period specified in Section 3.4(a) (as such time period may be extended pursuant to Section 3.5), then, effective as of the date Pfizer is obligated to make its payment under Section 6.2(a)(ii), the definition of "Compound" shall thereafter be limited only to the Compound for which Pfizer has made its payment under Section 6.2(a)(i), and Rigel may thereafter license, develop and commercialize such compounds subject to the restrictions set forth in Section 5.3.

(c) If Pfizer makes payments under both of Section 6.2(a)(i) and Section 6.2(a)(ii), then, subject to the other terms and conditions of this Agreement, all Compounds (i.e., after deletion of compounds by reason of Section 1.13(a), (b), (c) and (d)) shall remain available to Pfizer pursuant to the license set forth in Section 5.1, and Rigel shall remain subject to the restrictions set forth in Section 5.3. If Pfizer should select additional Compounds for Advanced Preclinical Development other than the two (2) Compounds for which the Event Milestone Payments were made under Sections 6.2(a)(i) and 6.2(a)(ii), then Pfizer shall provide Rigel with written notice within thirty (30) days after any such Compound selection that does not trigger an Event Milestone Payment.

3.5 Extension of Time Period.

(a) Pfizer shall have the option (the "First Extension Option") to extend the time period set forth in Section 3.3, with respect to **[*]**, by an additional one hundred and eighty (180) days if, in Pfizer's good faith judgment, additional time is required for Pfizer to decide whether to commence Advanced Preclinical Development with respect to **[*]**. Pfizer may exercise the First Extension Option by paying to Rigel fifty percent (50%) of the Event Milestone Payment due under Section 6.2(a)(i) prior to the date Pfizer's option to retain exclusive rights to **[*]** expires under Section 3.3. If Pfizer should exercise the First Extension Option, Pfizer shall have the right to retain the exclusive license to **[*]** granted in Section 5.1 by paying to Rigel the remaining fifty percent (50%) of the Event Milestone Payment due under Section 6.2(a)(i) within such one hundred and eighty (180) day extension period. Each payment made to Rigel under this Section 3.5(a), if any, shall be fully-credited against the Event Milestone Payment due under Section 6.2(a)(i) should Pfizer make such Event Milestone Payment. During the extension period set forth in this Section 3.5(a), Pfizer shall not commence

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Advanced Preclinical Development with respect to **[*]** until the Event Milestone Payment under Section 6.2(a)(i) has been paid in full.

(b) Pfizer shall have the option (the "Second Extension Option") to extend the time period set forth in Section 3.4(a), with respect to any Compound other than **[*]**, by an additional one hundred and eighty (180) days if, in Pfizer's good faith judgment, additional time is required for Pfizer to decide whether to commence Advanced Preclinical Development with respect to such other Compound. Pfizer may exercise the Second Extension Option by paying to Rigel fifty percent (50%) of the Event Milestone Payment due with respect to such Compound under Section 6.2(a)(i) or 6.2(a)(ii), as applicable, depending on whether Pfizer has previously made an Event Milestone Payment under Section 6.2(a)(i) prior to the date Pfizer's option to retain exclusive rights to such Compound expires under Section 3.4. If Pfizer should exercise the Second Extension Option, Pfizer shall have the right to retain the exclusive license to such Compound granted in Section 5.1 by paying to Rigel the remaining fifty percent (50%) of the Event Milestone Payment due with respect to such Compound under Section 6.2(a)(i) or 6.2(a)(ii), as applicable, within such one hundred and eighty (180) day extension period. Each payment made to Rigel under this Section 3.5(b), if any, shall be fully-credited against the Event Milestone Payment due under Section 6.2(a)(i) or

6.2(a)(ii) should Pfizer make such Event Milestone Payment. During the extension period set forth in this Section 3.5(b), Pfizer shall not commence Advanced Preclinical Development with respect to such other Compound until the Event Milestone Payment under Section 6.2(a)(i) or 6.2(a)(ii) for such Compound has been paid in full.

3.6 Research Costs. Except as provided in Section 3.10 and in this Section 3.6, **[*]**, and any external payments to Third Parties that **[*]** of the Research Program unless otherwise agreed upon by the JRC. Regarding payments made in connection with the supply of clinical materials or the scale up of manufacturing processes for Compounds, (a) **[*]**, (b) **[*]** shall pay for the manufacture of the **[*]**, provided, however, that Pfizer has approved in advance the manufacture by Third Parties of such Compound and the selection of any such Third Party manufacturer. In addition, Pfizer shall bear the costs of the services described in Schedule 3.6.

3.7 Records. Each Party shall maintain complete and accurate records of all work conducted under the Research Program and all results, data and developments made pursuant to its efforts under the Research Program. Such records shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of the Research Program in sufficient detail and in a manner appropriate for patent and regulatory purposes. Subject to bona fide confidentiality obligations to a Third Party, each Party shall have the right to request copies of such records of the other Party at reasonable times and upon reasonable notice to the extent necessary for such Party to conduct its research or perform its other obligations under this Agreement, or to secure or enforce Patents licensed under this Agreement.

3.8 Reports. During the Research Term, each Party shall report to the JRC no less than once per calendar quarter, which report shall include a written progress report summarizing the work performed under the Research Program, including analoging activities performed pursuant to Section 3.9. The JRC shall define the format and the nature of the content of the quarterly report, which format and nature shall be adopted by both Parties.

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3.9 Analogs. Under the Research Plan, Pfizer shall have the right to design and synthesize salts, polymorphs and physical forms of Compounds as part of Pfizer's activities under this Agreement. Pfizer shall also have the right to make Compound Analogs and Derivatives as provided in this Section 3.9, and to request Rigel to commence de novo Compound discovery pursuant to Section 3.10. De novo synthesis pursuant to Section 3.10 shall refer to the preparation of chemical compounds other than those containing the **[*]** of the compounds listed on Schedule 1.13, that are designed to be Syk Inhibitors.

(a) Pfizer's chemistry efforts related to Compounds (other than the creation of salts, polymorphs and physical forms) shall be limited to the creation of Compound Analogs and Derivatives. Pfizer shall inform the JRC of the nature of its chemistry efforts related to Compounds as part of its quarterly reports under Section 3.8, and such reports shall identify all Compound Analogs and Derivatives made or conceived by Pfizer during the period since its most recent report. Ownership of any compounds conceived or created by Pfizer in the course of working with the Compounds shall be allocated as follows:

(i) The JRC shall determine, as part of the Research Plan, the extent to which any particular Compound Analogs and Derivatives shall be tested to determine which of those compounds satisfy the definition of a Compound. In the event that the JRC has determined that particular Compound Analogs and Derivatives satisfy the definition of a Compound, Pfizer shall have the right to file, prosecute and maintain patent applications covering such Compounds, which patent applications and patents issuing therefrom shall be Joint Patents, regardless of inventorship, and shall be prosecuted by Pfizer in compliance with Section 7.3(b). Should Pfizer determine not to file, prosecute or maintain patent applications covering any Compounds created by Pfizer pursuant to this Section 3.9, Rigel shall then have the right to file, prosecute and maintain such patent applications, as Joint Patents, with Rigel playing the role assigned to Pfizer under Section 7.3(b).

(ii) In the event that (A) the JRC determines that any of the particular Compound Analogs and Derivatives created under this Section 3.9 does not satisfy the definition of a Compound, or (B) the JRC has decided not to make further efforts to determine whether any of the particular Compound Analogs and Derivatives satisfies the definition of a Compound, then Pfizer shall assign to Rigel its entire right, title and interest in and to such compound and inventions and patent rights covering such compound, and Rigel shall have the sole right to file, prosecute and maintain patents covering such inventions as Rigel Patents, but without any duty to inform Pfizer as to its patenting activities. If it is later determined that any compounds assigned to Rigel pursuant to this Section 3.9(a)(ii) satisfy the definition of a Compound, the rights to such Compounds shall be allocated in accordance with this Agreement (including without limitation the license and exclusivity provisions of Article 5 and the payment provisions of Article 6) and Rigel shall thereafter prosecute any Rigel Patents covering such Compounds in accordance with Article 7. Pfizer agrees to execute any instruments of assignment reasonably necessary or useful to facilitate Rigel's filing of patent applications related to such inventions under this Section 3.9(a)(ii).

(iii) In the event Pfizer's activities in connection with making Compound Analogs and Derivatives pursuant to this Section 3.9 result in inventions that cover both Compounds and compounds that do not satisfy the definition of a Compound, the Parties

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shall use commercially reasonable efforts to prepare patent applications that cover, on the one hand, only Compounds, and on the other hand, only compounds other than Compounds.

(iv) Subject to the restrictions set forth in Section 5.3, Pfizer hereby grants Rigel an exclusive (even as to Pfizer), perpetual, royalty free, sublicensable license under Patents owned or Controlled by Pfizer that cover compositions of matter that (A) are conceived or created by Pfizer under this Section 3.9, and (B) do not satisfy the definition of a Compound, to make, have made, use, import, offer for sale and sell such compounds for all indications both within and outside the Field and in the Territory.

(b) Pfizer may also request that Rigel commence a program to design or synthesize Compound Analogs and Derivatives as part of the Research Program, and Pfizer may request that the JRC amend the Research Plan to include such analog work.

(i) If the JRC (with the consent of Rigel) should determine that such analog work is minor, then the JRC may amend the Research Plan accordingly to include Rigel's performance of such analog work. If the JRC should determine that such analog work is not minor, then Pfizer may request that Rigel commence an analog program pursuant to a new research plan that shall specify the nature and magnitude of the analog program and the budget for such program (it being understood that Rigel's internal costs would be borne by Pfizer at an FTE rate of **[*]**) but shall otherwise be subject to the terms and conditions of this Agreement except as the Parties may then agree. Rigel shall not be obligated to conduct any analog work under this Section 3.9 without its consent.

(ii) Rigel shall inform the JRC of the nature of its efforts related to the design and synthesis of Compound Analogs and Derivatives to the extent conducted by Rigel at the request of the JRC pursuant to this Section 3.9. Such reporting shall occur as part of Rigel's quarterly reports under Section 3.8, and such

reports shall identify all Compound Analogs and Derivatives made or conceived by Rigel under this Section 3.9 during the period since its most recent report. The JRC shall determine, as part of the amended Research Plan or new research plan, as appropriate, the extent to which any of such Compound Analogs and Derivatives shall be tested to determine which of those compounds satisfy the definition of a Compound. In the event that the JRC determines that any particular Compound Analogs and Derivatives designed or synthesized by Rigel satisfy the definition of a Compound, then the rights to such Compound shall be allocated in accordance with this Agreement (including without limitation the license and exclusivity provisions of Article 5 and the payment provisions of Article 6). Rigel shall own all compounds designed and synthesized by Rigel under this Section 3.9(b), and shall thereafter prosecute any patents covering Compounds as Rigel Patents in accordance with Article 7. To the extent any patent applications cover compounds that are created by Rigel under this Section 3.9(b), none of which satisfy the definition of a Compound, Rigel shall have the sole right to file, prosecute and maintain patents covering such inventions without any duty to inform Pfizer as to its patenting activities.

3.10 Pfizer Option To Request De Novo Compound Discovery. As of the Effective Date, the Research Plan contemplates only the assessment of the existing Rigel library of compounds that have been demonstrated to be Syk tyrosine kinase inhibitors with a specified level of activity for potential Development and Commercialization by Pfizer, together with the

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provisions of Section 3.9 regarding the creation of Compound Analogs and Derivatives. However, Pfizer may request that Rigel commence a research program pursuant to a new research plan which plan will include, without limitation, de novo discovery of new Compounds, by providing notice to Rigel prior to the end of the Research Term. If Pfizer provides such notice, then the Parties shall negotiate in good faith the terms and conditions of an amendment to this Agreement to provide for such a program. Such amendment would need to specify, among other things, the nature and magnitude of the new discovery program, the allocation of costs (it being understood that Rigel's internal costs would be borne by Pfizer at an FTE rate of **[*]**), and the respective rights of the Parties regarding the ownership and licensing of any resulting compositions of matter. If the Parties have not mutually agreed on an amendment of this Agreement within one hundred and eighty (180) days following the delivery of a notice by Pfizer pursuant to this Section 3.10, then Rigel shall have no obligation to conduct such a discovery program or to continue the negotiations with Pfizer.

4. DEVELOPMENT AND COMMERCIALIZATION

4.1 Development Plan. The Development of each Product shall be governed by a development plan that describes the proposed overall program of Development (the "Development Plan"). Pfizer shall have the sole right and responsibility for preparing the Development Plan for each Product. Pfizer shall provide annual written reports to Rigel regarding continuing Development activities and plans for the Products, and shall, upon Rigel's request and no more than once per calendar year, meet with Rigel and discuss such Development activities and plans. Pfizer shall conduct any Development of Products in compliance in all material aspects with the requirements under applicable laws, rules and regulations, including without limitation GLP, GCP and GMP, to attempt to achieve its objectives.

4.2 Development Diligence.

(a) Following its election to commence Advanced Preclinical Development of a Compound, Pfizer shall use Diligent Efforts to Develop or Commercialize, as applicable, at least one Compound at all times during the Term of this Agreement.

(b) Pfizer shall inform Rigel within ten (10) Business Days following the occurrence of any event described under Schedule 8.5(b).

4.3 Regulatory Affairs.

(a) Pfizer shall own and be responsible for preparing and submitting Regulatory Filings, seeking Regulatory Approvals, and maintaining Regulatory Approvals for Products, including preparing all reports necessary as part of an IND, NDA, DMF, BLA or other necessary filing required for Regulatory Approval.

(b) With regard to sharing of Regulatory Filings, each Party shall permit the other Party to access, and shall provide the other Party with sufficient rights to reference and use in association with exercising its rights and performing its obligations under this Agreement, all of its, its Affiliates' and their respective suppliers' Regulatory Filings, and Regulatory Approvals for Products.

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(c) In conducting any Development activities hereunder, each Party shall: (a) ensure that its employees, agents, clinical institutions and clinical investigators comply with all FDA statutory and regulatory requirements with respect to Products, including but not limited to: the Federal Food, Drug and Cosmetic Act, as amended (FFDCA), the Public Health Service Act (PHSA), regulatory provisions regarding protection of human subjects, financial disclosure by clinical investigators, Institutional Review Boards (IRB), GCP, GLP, IND regulations, and any conditions imposed by a reviewing IRB or the FDA; and (b) not utilize, in conducting studies on Products any person or entities that at such time are debarred by FDA, or that, at such time, are under investigation by FDA for debarment action pursuant to the provisions of the Generic Drug Enforcement Act of 1992 (21 U.S.C. Section 335).

4.4 Manufacture and Supply. Except as otherwise specified in the Research Plan or in Section 3.6, Pfizer shall be responsible for the manufacture of preclinical and clinical materials for each Product, and for the commercial supply of each Product, and for all costs associated therewith. Pfizer shall use Diligent Efforts to make necessary filings to obtain, or cause a Third Party manufacturer to obtain, Regulatory Approval for the manufacture of Products.

4.5 Development Costs. Pfizer shall be responsible for all costs associated with the Development and Commercialization of Products. If Pfizer requests Rigel's assistance with certain tasks related to the Development of Products, and Rigel agrees to assist, then Pfizer shall reimburse Rigel for any reasonable costs Rigel should incur associated with such tasks. Within thirty (30) days after the end of each calendar quarter, Rigel shall submit to the Pfizer an accounting of all costs Rigel incurs under the Development Plan during that quarter, including reasonable detail demonstrating the specific basis for the costs and expenses included in the summary. Such summary may include an allocation of time spent by Rigel personnel in conducting such Development activities, that shall be reimbursed at an FTE rate of **[*]**. Pfizer shall on a quarterly basis, within forty five (45) days after the end of each Pfizer Quarter (provided that Rigel submitted its accounting report on time), prepare and submit to Rigel a reimbursement of the costs incurred by Rigel.

4.6 Trademarks. Pfizer shall select trademarks for the Product and shall own all such trademarks.

4.7 Pricing. Pfizer shall be solely responsible for the pricing and other terms of sale for Products.

5. LICENSES AND RELATED RIGHTS

5.1 License to Pfizer. Subject to the terms of this Agreement, Rigel grants to Pfizer the following:

(a) a worldwide, exclusive (even as to Rigel) license, with the right to sublicense, under the Rigel Technology, to make, have made, use, import, offer for sale and sell Compounds and Products for Intrapulmonary Administration in the Territory and in the Field; and

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(b) solely with respect to those Compounds for which Pfizer has Commenced human clinical trials of a Product for Intrapulmonary Administration, a worldwide, exclusive (even as to Rigel) license, with the right to sublicense, under the Rigel Technology, to make, have made, use, import, offer for sale and sell such Compounds and Products for Other Topical Administrations in the Territory.

For the avoidance of doubt, the licenses granted to Pfizer in this Section 5.1 convey no rights with respect to any Syk Inhibitor owned or Controlled by Rigel other than Compounds.

5.2 Residual Know-How. Except as provided in this Section 5.2, neither Party shall use Confidential Information of the other Party for any purpose outside the Collaboration. In this regard, the Parties recognize that during the course of this Agreement, certain information in intangible form (excluding for this purpose, in electronic medium), may be retained by those employees or agents of a Party who have had access to the other Party's Confidential Information (the "Residual Information"). Each Party shall be free to use the Residual Information of the other Party for any purpose. Notwithstanding the foregoing, compounds, materials, and written or tangible data (including data in electronic medium) of the other Party, to the extent not in the public domain, shall not be used for any purpose outside the Collaboration.

5.3 Exclusivity.

(a) During **[*]**: Rigel and its Affiliates shall not, except pursuant to this Agreement, directly or indirectly, by itself or with any Third Party, Commercialize (i) any Syk Inhibitor in the Field, or (ii) any Compound for any purpose (unless the rights to such Compound have reverted to Rigel pursuant to Section 9.3), and Pfizer and its Affiliates shall not, except pursuant to this Agreement, directly or indirectly, by itself or with any Third Party, Commercialize (i) any Syk Inhibitor in the Field, or (ii) any Compound for any purpose.

(b) During **[*]**: Rigel and its Affiliates shall not, except pursuant to this Agreement, directly or indirectly, by itself or with any Third Party, conduct research on or Develop any Syk Inhibitor in the Field, and Pfizer and its Affiliates shall not, except pursuant to this Agreement, directly or indirectly, by itself or with any Third Party, conduct research on or Develop any Syk Inhibitor in the Field.

5.4 Acquisition of Competing Product. Notwithstanding the provisions of Section 5.3, which provisions shall not be deemed breached as a result of an acquisition or merger described in this Section 5.4, if Pfizer acquires a Competing Product through acquisition or merger with the whole or substantially the whole of the business or assets of another Person, Pfizer shall, within forty five (45) days from the date of Pfizer's board approval of such acquisition or merger, notify Rigel of such merger or acquisition and as to whether Pfizer intends to divest its interest in such Competing Product. If Pfizer elects to divest its interest in such Competing Product, Pfizer shall use reasonable efforts to identify a Third Party purchaser to whom Pfizer will divest its interest in such Competing Product and to enter into a definitive agreement with such Third Party for such divestiture as soon as reasonably practicable under the circumstances (which may be subject to the terms of a Hold Separate Transaction (as defined

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below) as applicable). If Pfizer elects not to divest its interest in such Competing Product or fails to enter into a definitive agreement with a Third Party to divest such Competing Product (other than as part of any Hold Separate Transaction) within **[*]** months after the closing of the acquisition or merger for which Pfizer has provided Rigel with notice, or if such divestiture is subject to the terms of a Hold Separate Transaction, within **[*]** months after the closing of the acquisition or merger for which Pfizer has provided Rigel with notice, then Rigel shall have the option, upon notice to Pfizer given no later than ninety (90) days after the earlier of: (i) Pfizer's election not to divest such Competing Product; and (ii) the end of either of such **[*]** month or **[*]** month period described above, as applicable, to terminate this Agreement, such termination to be effective upon the expiration of such ninety (90) day notice period unless waived by Rigel during such period. As used herein, a "Hold Separate Transaction" shall mean any "hold separate" transaction (whether through the establishment of a trust or otherwise) involving the proposed sale of the applicable Competing Product pursuant to an agreement with any Governmental Authority responsible for antitrust laws.

5.5 Pfizer's Option to R-112 and Allergic Rhinitis. In the event that Rigel either (a) terminates its active development of R-112 for allergic rhinitis, or (b) completes Phase II(b) Trials with respect to R-112; and Rigel has not licensed, assigned, or otherwise conveyed the right to develop and commercialize R-112 to a Third Party prior to the completion of such Phase II(b) Trials, then Rigel shall promptly provide Pfizer with notice of such occurrence together with all material information regarding the formulation, stability, safety and efficacy of R-112 and its backups; the status of discussions with FDA or any Governmental Authorities directly relating thereto; and relevant patent information (together, the "R-112 Notice"). Upon Pfizer's receipt of such notice and supporting information, Pfizer shall have **[*]** to provide Rigel with notice of Pfizer's intent to negotiate an expansion of the Field to include allergic rhinitis, or an exclusive license to R 112 and its backups, or both. If Pfizer elects to engage in such negotiations, then the Parties shall negotiate in good faith, for up to **[*]** following Pfizer's receipt of the R-112 Notice (the "**[*]**Day Period"), the terms and conditions of a license to expand Pfizer's rights under this Agreement to include allergic rhinitis, R-112 and such additional Syk tyrosine kinase inhibitors as the Parties agree. During the **[*]**Day Period, Rigel shall not negotiate with Third Parties with respect to such subject matter. However, such negotiation shall be without obligation to actually enter into any agreement. If Pfizer and Rigel do not agree on the terms and conditions of such a license within the **[*]**Day Period, then Rigel shall be free to grant such license(s) to any Third Party(ies) without further obligation to Pfizer.

5.6 Bankruptcy. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code. The Parties agree that a Party that is a licensee of such rights under this Agreement shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code, and that upon commencement of a bankruptcy proceeding by or against the licensing Party (such Party, the "Involved Party") under the U.S. Bankruptcy Code, the other Party (such Party, the "Noninvolved Party") shall be entitled to a complete duplicate of or complete access to (as such Noninvolved Party deems appropriate), any such intellectual property and all embodiments of such intellectual property,

provided the Noninvolved Party continues to fulfill its payment or royalty obligations as specified herein in full. Such intellectual property and all embodiments thereof shall be promptly delivered to the Noninvolved Party (a) upon any such commencement of a bankruptcy proceeding upon written request therefore by the Noninvolved Party, unless the Involved Party elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of the Involved Party upon written request therefor by the Noninvolved Party. The foregoing is without prejudice to any rights the Noninvolved Party may have arising under the U.S. Bankruptcy Code or other applicable law.

5.7 Negative Covenant. Pfizer and its Affiliates shall not Develop or Commercialize Compounds or Products outside of the scope of the license granted to Pfizer under Section 5.1.

5.8 HSR. Promptly following signing of this Agreement, Pfizer and Rigel shall take (i) all actions necessary to make the filing required under the HSR Act, and (ii) reply at the earliest possible date with any requests for information received from the United States Federal Trade Commission ("FTC") or Antitrust Division of the United States Department of Justice ("DoJ") pursuant to the HSR Act. The Parties shall, to the extent reasonably practicable, consult with one another prior to making any filings, responses to inquiries or other contacts with the FTC or DoJ concerning the transactions contemplated hereby and shall use commercially reasonable efforts to obtain any clearances related to this Agreement that are necessary under the HSR Act. Each Party shall be responsible for its own costs in connection with such filing, except that Pfizer shall be solely responsible for the applicable filing fees.

5.9 Access to Documents. From and after the date of this Agreement and until the Effective Date, upon reasonable advance notice, each Party shall permit the other Party to have access, during normal business hours, to all Information concerning the Compounds as such Party from time to time may reasonably request.

6. FINANCIAL TERMS

6.1 Upfront Payment. Pfizer shall pay to Rigel (a) an upfront payment of **[*]** payable within fifteen (15) days after the date of Pfizer's receipt of an invoice from Rigel issued on or at any time after the Effective Date, and (b) on the date such **[*]** payment is made, five million dollars ($5,000,000), payable in exchange for 190,694 shares of Rigel common stock pursuant to the Common Stock Purchase Agreement attached hereto as Exhibit B.

6.2 Milestone Payments.

(a) Pfizer shall pay Rigel a milestone payment (each, an "Event Milestone Payment") in respect of each of the following events (each, an "Event Milestone") in the particular amounts specified below no later than ten (10) Business Days after the date of Pfizer's receipt of an invoice from Rigel. Pfizer will notify Rigel within ten (10) Business Days of the occurrence of each Event Milestone described in (iii) to (xii) below that entitles Rigel to issue the invoice concerned.

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	For Compounds	Event Milestone
(i)	**[*]**	Earlier of Pfizer's determination to commence Advanced Preclinical Development of the first Compound, or 180 days (as this may be extended pursuant to Section 3.5) from delivery to Pfizer by Rigel of the data resulting from the completion by Rigel of its tasks under the Research Plan for such Compound.
(ii)	**[*]**	Earlier of Pfizer's determination to commence Advanced Preclinical Development of a second Compound, or 180 days (as this may be extended pursuant to Section 3.5) from delivery to Pfizer by Rigel of the data resulting from the completion by Rigel of its tasks under the Research Plan for such Compound.
(iii)	**[*]**	Commencement of Phase I Trial for the first Compound
(iv)	**[*]**	Commencement of Phase II(a) Trial for the first Compound
(v)	**[*]**	Commencement of Phase II(b) Trial for the first Compound
(vi)	**[*]**	Commencement of Phase III Trials for the first Compound

	For Products (other than Combination Products)	For Combination Products	Event Milestone
(vii)	**[*]**	**[*]**	Acceptance of an NDA for the first Product or Combination Product, as applicable, in the United States
(viii)	**[*]**	**[*]**	Acceptance of filings for Regulatory Approval for the first Product or Combination Product, as applicable, in three of the five Major European Countries
(ix)	**[*]**	**[*]**	Acceptance of filing for Regulatory Approval for the first Product or Combination Product, as applicable, in Japan
(x)	**[*]**	**[*]**	Launch of the first Product or Combination Product, as applicable, in the United States

(xi)	**[*]**	**[*]**	Launch of the first Product or Combination Product, as applicable, in three of the five Major European Countries
(xii)	**[*]**	**[*]**	Launch of the first Product or Combination Product, as applicable, in Japan

(b) **[*]** of the Event Milestone Payments in subsections (vii) through (xii) above, shall be credited against the royalty payments set forth in Section 6.3, provided, however, no royalty payment shall be reduced by more than **[*]** by any such credit.

(c) All Event Milestone Payments set forth in this Section 6.2 shall be paid to Rigel only once regardless of the number of Compounds or Products developed under the Collaboration. Event Milestone Payments owed to Rigel under this Section 6.2 which refer to the "first Compound" or "first Product" shall be paid to Rigel for the first Compound or first Product to achieve such Event Milestone, regardless of whether such Compound or Product comprises the first Compound selected by Pfizer pursuant to Section 3.3 or 3.4(a). Royalty payments set forth in Section 6.3 shall be paid to Rigel for each Product sold.

(d) If a Phase II(b) Trial or Phase III Trial of a Product Commences, or a Product is the subject of an NDA, such Product shall be deemed to have achieved the Event Milestones prior to that stage of Development, and if a related Event Milestone Payment for such earlier stage of clinical trial has not been previously paid, it shall then be paid.

(e) In the event that a Party has given the other Party any notice of termination of this Agreement under Section 9, no further Event Milestone Payments shall become due during such notice period.

6.3 **Royalty Payments.** Pfizer shall pay Rigel the following royalty payments based on Net Sales of each Product in the Territory:

(a) **[*]** for Net Sales in a calendar year up to **[*]**;

(b) **[*]** for Net Sales in a calendar year over **[*]** and up to **[*]**;

(c) **[*]** for Net Sales in a calendar year over **[*]** and up to **[*]**; and

(d) **[*]** for Net Sales in a calendar year over **[*]**.

Notwithstanding the foregoing, (i) for Net Sales based on sales of a Product in the United States, any payments owed with respect to such Product pursuant to this Section 6.3 shall be reduced (x) by **[*]** for any period of time during the Royalty Term during which no Patent under the Rigel Patents with a Valid Claim covering such Product are in effect in the United States, subject to Section 6.4, and (y) by **[*]** if during the relevant Pfizer Quarter there is Generic Competition

in the United States; provided that in no event shall such payments be reduced by more than **[*]** as a result of the events described in clauses (x) and (y) above occurring; and (ii) for Net Sales based on sales of a Product in a country in the Territory, other than the United States, any payments owed with respect to such Product pursuant to this Section 6.3 shall be reduced by **[*]** in the country concerned if during the relevant Pfizer Quarter there is Generic Competition in such country.

6.4 **Pending Patent Applications.** If a pending patent application that is included within the Rigel Patents issues in a country after the Royalty Term has already expired in such country, and such issued Patent contains a Valid Claim, then Pfizer shall, (a) within sixty (60) days after receipt from Rigel of evidence of such issuance from the relevant Governmental Authority, pay to Rigel royalties based on Net Sales in such country from the date of the expiration of the Royalty Term in such country up to and including the date of issuance of such Patent and (b) continue to make Royalty Payments in such country so long as there is a Valid Claim Controlled by Rigel covering a Product in such country. This Section 6.4 shall also apply if there has been a reduction in the royalty payments paid to Rigel pursuant to Section 6.3 and a Rigel Patent with a Valid Claim later issues (in which case the amount of any related royalty reduction effected pursuant to Section 6.3 shall then be paid to Rigel).

6.5 **Payments and Payment Reports.** All royalties due under Section 6.3 shall be paid within sixty (60) days of the end of the relevant Pfizer Quarter for which such royalties are due. Each royalty payment shall be accompanied by a statement stating the number, description, and aggregate Net Sales, by country, of each Product sold during the relevant Pfizer Quarter.

6.6 **Payment Method.** All payments due under this Agreement to Rigel shall be made by bank wire transfer in immediately available funds to an account designated by Rigel. All payments hereunder shall be made in the legal currency of the United States of America.

6.7 **No Credits or Refunds.** Other than as set forth under Sections 3.5, 6.2(b) and 6.12, all payments to Rigel hereunder shall be noncreditable and nonrefundable.

6.8 **Taxes.** It is understood and agreed between the Parties that any payments made under Section 6.1 or 6.2 of this Agreement are inclusive of any value added or similar tax imposed upon such payments. In addition, in the event any of the payments made by Pfizer pursuant to Section 6 become subject to withholding taxes under the laws of any jurisdiction, Pfizer shall deduct and withhold the amount of such taxes for the account of Rigel to the extent required by law, such amounts payable to Rigel shall be reduced by the amount of taxes deducted and withheld, and Pfizer shall pay the amounts of such taxes to the proper Governmental Authority in a timely manner and promptly transmit to Rigel an official tax certificate or other evidence of such tax obligations together with proof of payment from the relevant Governmental Authority of all amounts deducted and withheld sufficient to enable Rigel to claim such payment of taxes. Any such withholding taxes required under applicable law to be paid or withheld shall be an expense of, and borne solely by, Rigel. Pfizer will provide Rigel with reasonable assistance to enable Rigel to recover such taxes as permitted by law.

6.9 **Blocked Currency.** In each country where the local currency is blocked and cannot be removed from the country, royalties accrued in that country shall be paid to Rigel in

the country in local currency by deposit in a local bank designated by Rigel, unless the Parties otherwise agree.

6.10 Sublicenses. In the event that Pfizer grants licenses or sublicenses to Third Parties to sell Products that are subject to the royalties under Section 6.3, such licenses or sublicenses shall include an obligation for the licensee or sublicense to account for and report its sales of Products on the same basis as if such sales were Net Sales by Pfizer, and Pfizer shall pay to Rigel, with respect to such sales, royalties as if such sales of the licensee or sublicense were Net Sales of Pfizer.

6.11 Foreign Exchange. Conversion of sales recorded in local currencies to U.S. dollars will be performed in a manner consistent with Pfizer's normal practices used to prepare its audited financial statements for external reporting purposes, provided that such practices use a widely accepted source of published exchange rates.

6.12 Interest. If Pfizer fails to make any payment due to Rigel under this Agreement, then interest shall accrue on a daily basis at a rate equal to the thirty (30) day U.S. dollar LIBOR rate effective for the date that payment was due, as published by *The Wall Street Journal.*

6.13 Records; Audits. Each Party shall keep or cause to be kept such records as are required to determine, in a manner consistent with generally accepted accounting principles in the United States, the sums or credits due under this Agreement, including, but not limited to Net Sales. At the request (and expense) of either Party, the other Party and its sublicensees shall permit an independent certified public accountant appointed by such Party and reasonably acceptable to the other Party, at reasonable times not more than once a year and upon reasonable notice, to examine only those records as may be necessary to determine, with respect to any calendar year ending not more than three (3) years prior to such Party's request, the correctness or completeness of any royalty report or payment made under this Agreement. Results of any such examination shall be (i) binding on the Parties other than in the case of manifest error, (ii) limited to information relating to the Products, (iii) made available to both Parties, and (iv) subject to Article 8. The Party requesting the audit shall bear the full cost of the performance of any such audit, unless such audit discloses a variance of more than five percent (5%) from the amount of the original report, royalty or payment calculation, in which case the Party being audited shall bear the full cost of the performance of such audit. Pfizer shall promptly pay to Rigel the amount of any underpayment of royalties revealed by an examination and review. Any overpayment of royalties by Pfizer revealed by an examination and review shall be fully-creditable against future royalty payments under Section 6.3.

7. INTELLECTUAL PROPERTY

7.1 General Principles. Except as provided in the following sentence, all inventions having as inventors solely employees or independent contractors of one Party in the course of the Parties' performance under this Agreement and all intellectual property rights therein ("Sole Inventions"), shall be the property of such Party, except as otherwise provided below. All inventions covering Compounds made by Pfizer pursuant to Section 3.9(a) shall be treated as Joint Inventions, regardless of actual inventorship, and all inventions made by Pfizer and assigned to Rigel under Section 3.9(a) shall be deemed Sole Inventions of Rigel, regardless of

actual inventorship. All inventions having as inventors employees or independent contractors of both Parties in the course of the Parties' performance under this Agreement, and all intellectual property rights therein ("Joint Inventions"), shall be jointly owned by the Parties. Determinations of inventorship, and each Party's rights and interests to Joint Inventions and jointly created Know-How, shall be the same as provided with respect to patents under United States law, and in particular, subject in all cases to the provisions of this Agreement, including without limitation Sections 3.9 and 5.3, either Party may exploit or grant licenses under such Joint Inventions and jointly created know-how without a duty of accounting to the other Party.

7.2 Disclosure. Each Party shall promptly disclose to the other Party any Joint Invention, or variations upon inventions disclosed in the Rigel Patents or otherwise relating to the Compounds, that are discovered or reduced to practice the course of the Collaboration that it believes may be patentable.

7.3 Patent Prosecution and Maintenance. Except as otherwise provided in this Section 7.3, each Party shall direct the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of all Patents covering its Sole Inventions.

(a) Rigel shall direct the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of all Rigel Patents. Rigel shall consult with Pfizer in connection with the continued prosecution and maintenance by Rigel of the patents under Rigel Patents to the extent they are directed to the rights licensed to Pfizer under this Agreement, including, in particular (but without limitation) as described in subsections (i) — (iii) below. Rigel shall not abandon any such Rigel Patents without at least sixty (60) days' prior notice to Pfizer. If Rigel decides to abandon any such Rigel Patents, Pfizer shall have the option to continue the prosecution and maintenance of such patents and related applications at its expense.

(i) Rigel will provide Pfizer with copies of all correspondence with the U.S. Patent and Trademark Office or its foreign counterparts pertaining to prosecution of Rigel Patents to the extent they are directed to the rights licensed to Pfizer under this Agreement, and as to which Pfizer has a license under this Agreement, reasonably in advance of any relevant filing deadline or intended filing date for Pfizer to review and comment thereon, and to incorporate, absent a substantial reason to the contrary, Pfizer's comments on such filing before submitting such filing to the relevant patent authority, and to provide Pfizer with a copy of all material notices received from a patent authority with respect thereto;

(ii) Upon Pfizer's written request, and provided Pfizer provides such written request reasonably in advance of any relevant filing deadline or intended filing date, Rigel will file patent applications (including continuations, divisionals and continuations in part) directed to the rights licensed to Pfizer under this Agreement, including but not limited to separate applications in the United States for the purpose of obtaining Hatch-Waxman extensions, and Pfizer shall bear the costs associated with filing, prosecuting and maintaining such patent applications; and

(iii) Rigel shall notify Pfizer at least 90 days prior to the deadline for entering into national phase with respect to any PCT application included in the Rigel Patents.

Rigel shall file, prosecute and maintain such patent applications in each of the countries set forth on Schedule 7.3(a)(iii) (the "Rigel Country List"), unless otherwise consented to in writing by Pfizer. Pfizer shall reimburse Rigel for **[*]** of the costs Rigel incurs after the Effective Date associated with the filing, prosecuting and maintaining of patent applications covering rights licensed to Pfizer under this Agreement for those countries set forth on the Rigel Country List, provided, however, that the total costs borne by Pfizer associated with such patent applications in countries on the Rigel Country List shall not exceed **[*]**. No later than 60 days prior to said entry into national phase, Pfizer shall provide Rigel with a list of additional countries, if any, in which Pfizer would like Rigel to file or designate, as applicable, such patent applications. Rigel shall file international patent applications, or designate for national filing and file, in all such countries requested by Pfizer, and Pfizer shall reimburse Rigel for all costs incurred in connection with filing, prosecuting and maintaining such patent applications and related patents in the countries specified by Pfizer.

(iv) Pfizer shall reimburse Rigel for the costs Rigel incurred prior to the Effective Date associated with the filing, prosecuting and maintaining patent applications directed towards Compounds that were filed in the countries set forth in Schedule 7.3(a)(iv). Such costs shall be set forth in the first quarterly reimbursement invoice submitted to Pfizer pursuant to Section 7.9. Rigel shall file, prosecute and maintain such patent applications in each of the countries set forth on Schedule 7.3(a)(iv), unless otherwise consented to in writing by Pfizer. Pfizer shall reimburse Rigel for all of the costs Rigel incurs after the Effective Date associated with the filing, prosecuting and maintaining of patent applications covering rights licensed to Pfizer under this Agreement for those countries set forth on Schedule 7.3(a)(iv).

(b) Pfizer shall direct the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of all Pfizer Patents and all Patents for Joint Inventions. Pfizer shall consult with Rigel in connection with the continued prosecution and maintenance by Pfizer of the Patents for Joint Inventions (the "Joint Patents"). Pfizer shall not abandon any such Joint Patents without at least sixty (60) days' prior notice to Rigel. If Pfizer decides to abandon any such Joint Patents, Rigel shall have the option to continue the prosecution and maintenance of such patents and related applications at its expense. Pfizer will provide Rigel with copies of all correspondence with the U.S. Patent and Trademark Office or its foreign counterparts pertaining to prosecution of Joint Patents, reasonably in advance of any relevant filing deadline or intended filing date for Rigel to review and comment thereon, and to incorporate, absent a substantial reason to the contrary, Rigel's comments on such filing before submitting such filing to the relevant patent authority, and to provide Rigel with a copy of all material notices received from a patent authority with respect thereto.

(c) The Party that, pursuant to this Section 7.3, directs the filing, prosecution and maintenance of a particular Patent shall bear all expenses associated with such activities, unless expressly provided for otherwise herein.

(d) Each Party shall cooperate with the other and take all reasonable additional actions and execute such agreements, instruments and documents as may be reasonably required to perfect the other's ownership interest in accordance with the intent of this Agreement including, without limitation, the execution of necessary and appropriate instruments of assignment to achieve such joint ownership as set forth in Section 7.1 and the provision, on a

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reasonable basis, of its employees, agents, consultants and independent contractors to the other Party (or to the other Party's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable the prosecuting Party to undertake Patent prosecution for Joint Inventions as provided in this Agreement. In addition, Rigel agrees that it will, and will cause its Affiliates to, (i) execute and file those notices and other filings as Pfizer shall request be made, from time to time with the United States Patent and Trademark Office (or any successor agency) with respect to the rights granted under this Agreement, (ii) maintain at all times during the term of this Agreement the Rigel Patents free and clear of any and all mortgages, liens, pledges and security interests, and (iii) as a condition to any transfer of any such Rigel Patents, any such transferee shall be obligated to perform all of Rigel's obligations under this Agreement with respect to the transferred Patents.

7.4 Enforcement of Patent Rights.

(a) Enforcement of Pfizer Patents. In the event that Rigel becomes aware of a suspected infringement of any Pfizer Patent or any Patent covering a Sole Invention of Pfizer that covers a Compound or Product, Rigel shall notify Pfizer promptly, and following such notification, the Parties shall confer. Pfizer shall have the sole right, but shall not be obligated, to bring an infringement action or to defend such proceedings at its own expense, in its own name and entirely under its own direction and control.

(b) Enforcement of Rigel Patents. In the event that either Party becomes aware of a suspected infringement by a Third Party of any Rigel Patent licensed to Pfizer under this Agreement and such potential infringement or claim relates to a Compound or a Product, such Party shall notify the other Party promptly, and following such notification, the Parties shall confer. Pfizer shall have the right, but shall not be obligated, to bring an infringement action at its own expense, in its own name and entirely under its own direction and control. Rigel, upon request of Pfizer, agrees to join in any such litigation at Pfizer's expense and to cooperate with Pfizer in connection with such litigation.

(c) Enforcement of Joint Patents. In the event that either Party becomes aware of a suspected infringement of any Joint Patent, such Party shall notify the other Party promptly. Following such notification, the Parties shall confer. Pfizer shall have the right, but shall not be obligated, to bring an infringement action or to defend such proceedings at its own expense, in its own name and entirely under its own direction and control. Rigel, upon request of Pfizer, agrees to join in any such litigation at Pfizer's expense and to cooperate with Pfizer in connection with such litigation.

(d) If Pfizer fails to prosecute any action described in subsections (a), (b) or (c) of this Section 7.4, Rigel shall have the right upon 60 days prior notice to Pfizer, at Rigel's sole expense and for Rigel's sole benefit, to institute any such litigation.

(e) Recoveries. In the event either Party exercises the rights conferred in this Section 7.4 and recovers any damages or other sums in such action, suit or proceeding or in settlement thereof, such damages or other sums recovered shall first be applied to all out-of-pocket costs and expenses incurred by such Party in connection therewith, including attorneys fees. If after such reimbursement any funds shall remain from such damages or other sums

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recovered, and such funds shall be retained by such Party that controlled the litigation. If Pfizer is the Party to exercise the rights conferred in this Section 7.4**[*]**.

7.5 Defense of Third Party Claims. If a claim is brought by a Third Party alleging patent infringement by Pfizer or Rigel with respect to the manufacture, use, sale, offer for sale or importation of a Compound or Product, each Party will give prompt notice to the other Party of such claim. Promptly upon receipt of such notice, the Parties shall meet and discuss in good faith if such activity infringes such Third Party's intellectual property rights, and shall take necessary steps on this matter. In the event of any Third Party claim against a Party with respect to the Research Program or Products, each Party shall, subject to the rights of each Party under Section 11 below, be entitled to defend itself in such matter.

7.6 License to Third-Party Patents. If Pfizer (a) reasonably determines in good faith that, in order to avoid infringement of any patent not licensed to Pfizer hereunder, it is reasonably necessary to obtain a license related to a Compound from a Third Party in order to make, use, sell, offer for sale or import a Compound in a country in the Territory and to pay a royalty or other fee under such license (including, without limitation, in connection with settlement of a patent infringement claim), or (b) shall be subject to a final court or other binding order or ruling requiring the payment of a royalty or other payment to a Third Party patent holder in respect of sales of any Product in a country in the Territory, then the amount of royalty payments to Rigel with respect to Net Sales for such Product in such country shall be reduced by the lesser of (i)**[*]**.

7.7 Hatch-Waxman Certification. Each Party shall inform the other of any certification regarding any Patent it has received pursuant to either 21 U.S.C. §§ 355(b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) or its successor provisions or any similar provisions in a country in the Territory other than the United States and shall provide the other Party with a copy of such certification within five (5) days after receipt. The Parties' rights with respect to the initiation and prosecution of any legal action as a result of such certification or any recovery obtained as a result of such legal action shall be as defined in Section 7.4.

7.8 Patent Term Restoration/Supplemental Protection. The Parties hereto shall cooperate with each other in obtaining patent term restoration or supplemental protection certificates or their equivalents in any country in the Territory where applicable to Rigel Patents. In the event that elections with respect to obtaining such patent term restoration are to be made, Pfizer shall have the right to make the election and Rigel agrees to abide by such election.

7.9 Reimbursement. Rigel shall invoice Pfizer for any costs incurred by Rigel that are to be borne by Pfizer pursuant to this Article 7 following each Pfizer Quarter in the United States. Pfizer shall pay Rigel within thirty (30) days following Pfizer's receipt of any such invoice.

8. CONFIDENTIALITY

8.1 Treatment of Confidential Information. The Parties agree that during the Term, and for a period of five (5) years after the end of the Term, a Party receiving Confidential Information of the other Party will (a) maintain in confidence such Confidential Information to

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the same extent such Party maintains its own proprietary industrial information of similar kind and value (but at a minimum each Party shall use commercially reasonable efforts), (b) not disclose such Confidential Information to any Third Party without prior consent of the other Party, and (c) not use such Confidential Information for any purpose except those permitted by this Agreement.

8.2 Exceptions. A Party shall not have the obligations set forth in Section 8.1 with respect to any portion of such Confidential Information that it can show by adequate documentation:

(a) is publicly disclosed by the disclosing Party, either before or after it becomes known to the receiving Party;

(b) was known to the receiving Party, without obligation to keep it confidential, prior to when it was received from the disclosing Party;

(c) is subsequently disclosed to the receiving Party by a Third Party lawfully in possession thereof without obligation to keep it confidential;

(d) has been published by a Third Party; or

(e) has been independently developed by the receiving Party without the aid, application or use of Confidential Information.

8.3 Authorized Disclosure. Notwithstanding Section 8.2, a Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is necessary in the following instances:

(a) filing or prosecuting Joint Patents, Compounds or Products;

(b) Regulatory Filings for Products;

(c) prosecuting or defending litigation relating to Compounds or Products;

(d) complying with applicable laws and governmental regulations; and

(e) disclosure, in connection with the performance of this Agreement, to Affiliates, licensees, sublicensees, employees, consultants, or agents, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 8.

8.4 The Parties acknowledge that the terms of this Agreement shall be treated as Confidential Information of both Parties. Such terms may be disclosed by a Party to individuals or entities covered by 8.3(e) above, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 8. Disclosure of the terms of this Agreement (but not other Confidential Information received from the other Party) may also be made, under binders of confidentiality and non use at

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least equivalent in scope to those set forth in this Article 8, to actual or potential bankers, lenders and investors of the disclosing Party, with Pfizer's prior consent, such

consent not to unreasonably be withheld, conditioned or delayed.

8.5 Publicity. The public announcement of the execution of this Agreement is set forth onSchedule 8.5a hereto. In addition, either Party may make a public statement, including in analyst meetings, concerning the Agreement or the progress of the Compound or Products where such statement: (a) is required by law, applicable stock exchange regulation or legal proceedings, as confirmed upon the request of the other Party by an opinion of counsel, for the Party proposing to make such statement, or (b) concerns one of the events described in Schedule 8.5b. In connection with any filing described in subsection 8.5(a), such Party shall endeavor to obtain confidential treatment of economic and trade secret information. In any event, the Parties agree to take all reasonable action to avoid disclosure of Confidential Information except as permitted hereunder, and shall cooperate with each other with respect to all such disclosures. The Party that is required to or has otherwise decided to make a public statement pursuant to this Section 8.5 will give the other Party sufficient advance notice of the text of any proposed statement so that the other Party will have the opportunity to comment upon the statement, and such comments will be taken into account in the final statement. Otherwise, neither Party will make any public announcement regarding the terms of or events related to the Agreement without the prior consent of the other Party.

8.6 Publications. Neither Rigel, its employees, contractors or investigators shall publish or present any information, including without limitation the results of the Research Program or preclinical or clinical studies with respect to any Compound or Product without Pfizer's prior consent (which may be withheld in its sole and final discretion), except as required under Section 8.3(d). During the Research Term, Pfizer agrees to provide Rigel the opportunity to review any proposed abstracts, manuscripts or scientific presentations (including verbal presentations) that relate to any Compound or Product at least forty five (45) days prior to their intended submission for publication and agrees, upon request, not to submit any such abstract or manuscript for publication until Rigel is given a reasonable period of time to secure patent protection for any material in such publication that it believes to be patentable. Rigel understands that a reasonable commercial strategy may also require delay of publication of information or filing of patent applications. The Parties agree to review and decide whether to delay publication of information or filing of patent applications under certain circumstances. Neither Party shall have the right to publish or present Confidential Information of the other Party which is subject to Section 8.1.

9. TERM AND TERMINATION

9.1 Term.

(a) This Agreement shall become effective on the Effective Date and shall continue until the earlier of (i) expiration of the last Royalty Term, and (ii) the effective date of termination pursuant to Section 9.2, 9.3 or 9.4 (the "Term").

(b) Prior to the Effective Date, neither Rigel nor Pfizer shall have any rights or obligations hereunder. Notwithstanding the foregoing, effective as of the signing of this

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Agreement, each of Rigel and Pfizer covenant and agree that (a) Sections 5.8 and 5.9 (related to HSR), 8 (Confidentiality), 12 (Dispute Resolution), and 13.12 (Standstill) shall be in full force and effect, and (b) neither Rigel nor its Affiliates shall negotiate, engage in or otherwise enter into any transaction involving (i) any sale or grant of any rights or licenses to the Rigel Technology in the Field in the Territory for Intrapulmonary Administration or with respect to Compounds, or (ii) any joint venture, co-promotion or similar relationship involving the Rigel Technology in the Field in the Territory for Intrapulmonary Administration or with respect to Compounds.

9.2 Termination by Pfizer. Pfizer may terminate this Agreement:

(a) at any time for any reason upon ninety (90) days advance notice to Rigel; or

(b) in the event of a Change of Control of Rigel upon thirty (30) days advance notice to Rigel which notice must be provided within 90 days after the consummation of such Change of Control.

9.3 Termination By Rigel For Lack Of Diligence.

(a) In addition to the rights of termination in the event of material breach (Section 9.4), Rigel may terminate this Agreement upon thirty (30) days advance notice to Pfizer:

(i) in the event that Pfizer has failed to make the Event Milestone Payment to Rigel under to Sections 6.2(a)(i) prior to the expiration of the last time period allowed for Pfizer to make such payment under Sections 3.3 and 3.4(a), as such time period may be extended pursuant to Section 3.5, and the Parties have not agreed by the end of such time period to the commencement of a de novo discovery program pursuant to Section 3.10. In the case of such an extension pursuant to Section 3.10, if no payment was made to Rigel under Section 6.2(a)(i) during the Research Term (as such term was in effect prior to such extension), all compounds listed on Schedule 1.13, and all analogs, derivatives, prodrugs, stereoisomers, salts and polymorphs of such compounds, shall be deleted from the definition of "Compound" and Rigel may thereafter license, develop and commercialize such compounds, subject to the restrictions set forth in Section 5.3;

(ii) in the event that Pfizer has failed to fulfill its Diligent Efforts obligations under Section 4.2,provided, however, that such termination shall apply to the Agreement as a whole only if Pfizer has failed to fulfill its Diligent Efforts obligations as to each Product then in Development. If Pfizer has continued to fulfill its Diligent Efforts obligations as to at least one Product remaining in Development, then such termination shall be on a Compound-by-Compound and Product-by-Product basis and Rigel shall have solely the right to terminate Pfizer's license with respect to the Compound or Product that were the subject of the diligence failure; or

(iii) if, at any time during the Term, both of the following conditions (A) and (B) are satisfied, regardless of reason: (A) it has been more than **[*]** since the later of

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(x) the date of Pfizer's most recent payment to Rigel of an Event Milestone Payment under Section 6.2(a)(i) or 6.2(a)(ii), or (y) the date of Pfizer's most recent designation of a Compound for Advanced Preclinical Development without making such a payment in accordance with the last sentence of Section 3.4(c), and (B) no Compound or Product is then in clinical Development or Advanced Preclinical Development under this Agreement.

(b) In addition to the foregoing, Rigel may terminate Pfizer's license under Section 5.1 as to an individual Compound and its related Product(s) if it has been more than **[*]** since the payment of the Event Milestone Payment for such Compound pursuant to Section 6.2(a)(i) or 6.2(a)(ii), or the designation of such Compound for Advanced Preclinical Development pursuant to the last sentence of Section 3.4(c), and for any reason Pfizer has not Commenced a Phase I Clinical Trial of a Product incorporating such Compound. In such event, Rigel's rights with respect to such Compound and Product shall remain subject to Section 5.3.

(c) In the event of any termination by Rigel pursuant to this Section 9.3 (whether of the Agreement as a whole or as to particular license rights), termination shall be Rigel's sole and exclusive remedy with respect to such failure of diligence.

9.4 Mutual Termination Rights. Either Party may terminate this Agreement if:

(a) It believes that the other Party is in material breach of this Agreement, in which case the non-breaching Party may deliver notice of such material breach to the other Party, such notice to describe in detail the nature of such breach. The allegedly breaching Party shall have ninety (90) days from receipt of such notice to cure such breach (or, if such default cannot be cured within such 90-day period, the breaching Party must commence and diligently continue actions to cure such default during such 90-day period). Any such termination shall become effective at the end of such 90-day period unless the breaching Party has cured any such breach or default prior to the expiration of such 90-day period (or, if such default is capable of being cured but cannot be cured within such 90-day period, the breaching Party has commenced and diligently continued actions to cure such default provided always that, in such instance, such cure must have occurred within one hundred eighty (180) days after notice thereof was provided to the breaching Party by the non-breaching Party to remedy such default); or

(b) The other Party is generally unable to meet its debts when due, or makes a general assignment for the benefit of its creditors, or there shall have been appointed a receiver, trustee or other custodian for such Party for or a substantial part of its assets, or any case or proceeding shall have been commenced or other action taken by or against such Party in bankruptcy or seeking the reorganization, liquidation, dissolution or winding-up of such Party or any other relief under any bankruptcy, insolvency, reorganization or other similar act or law, and any such event shall have continued for sixty (60) days undismissed, unstayed, unbonded and undischarged. In such circumstances, the other Party may, upon notice to such Party, terminate this Agreement, such termination to be effective upon such Party's receipt of such notice; or

(c) The Effective Date has not occurred, for any reason, by **[*]**.

(d) If a Party gives notice of termination under this Section 9.4, or if Rigel gives notice of termination under Section 9.3(a)(ii) and 9.3(a)(iii), and the other Party disputes

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whether such notice was proper, then the issue of whether this Agreement has been terminated shall be resolved in accordance with Article 12. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be deemed to have been effective thirty (30) days following the date of the notice of termination. If as a result of such dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall remain in effect.

9.5 Effect of Termination.

(a) Survival.

(i) The following provisions shall survive any expiration or termination of this Agreement: Articles 8, 11, 12 and 13, and Sections 7.1 and 9.5, together with any sections referenced in such surviving provisions or necessary to give them effect.

(ii) Except as set forth in Section 6.2(e), termination of this Agreement shall not relieve the Parties of any liability that accrued hereunder prior to the effective date of such termination. In addition, except as provided in Section 9.3, termination of this Agreement shall not preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation. The remedies provided in Section 9.5(b) are not exclusive of other remedies available to a Party in law or equity.

(b) Licenses.

(i) Upon termination of this Agreement by either Party pursuant to Section 9.4(c), all licenses shall terminate.

(ii) Upon termination of this Agreement by Pfizer pursuant to Section 9.2(a) or by Rigel pursuant to Section 9.3 or 9.4(a) or 9.4(b), all licenses to Pfizer under Section 5.1 shall terminate, and (A) subject to Section 9.5(b)(iv), Pfizer shall, and hereby does, grant to Rigel an exclusive, perpetual, royalty-free license, with right to sublicense and to enforce patents, under all Pfizer Patents and Pfizer Know-How, to make, have made, use, import, offer for sale and sell Compounds (as defined as of the Effective Date) and Products comprising such Compounds, for any mode of administration and any indication, and (B) subject to Section 9.5(b)(iv), Pfizer shall transfer to Rigel, without charge other than reimbursement of out-of-pocket expenses, the following materials that are in Pfizer's possession, in each case that solely relate to such Compounds and Products: (i) all preclinical data, manufacturing Know-How and human clinical experience database; (ii) all Regulatory Filings; and (iii) all correspondence with the FDA or equivalent foreign agencies ((i), (ii) and (iii), collectively, the "Product Documents"). Rigel shall have the right to use the Product Documents and the information contained therein as it sees fit in the development and commercialization of products. Pfizer shall have no liability whatsoever for any inaccuracy or incompleteness of the Product Documents, except in the event of its failure to provide such documents to Rigel.

(iii) Upon termination by Rigel of Pfizer's license rights as to a specific Compound and Product pursuant to Section 9.3(a)(ii) or 9.3(a)(iii), the license to Pfizer under

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Section 5.1 shall terminate solely as to such Compound and Product, and (A) subject to Section 9.5(b)(iv), Pfizer shall, and hereby does, grant to Rigel an exclusive, perpetual, royalty-free license, with right to sublicense and to enforce patents, under all Pfizer Patents and Pfizer Know-How, to make, have made, use, import, offer for sale and sell, such Compound and Product, and (B) subject to Section 9.5(b)(iv), Pfizer shall transfer to Rigel, without charge other than reimbursement of out-of-pocket expenses, all Product Documents related to such Compound and Product. In such case, Rigel's rights with respect to such Compound and Product shall remain subject to the exclusivity

provisions of Section 5.3.

(iv) In the event of any license granted to Rigel pursuant to this Section 9.5(b), then such license shall include the right to make, have made, use, import, offer for sale or sell any device that was used by Pfizer in conjunction with the Compound(s) or Product(s) only as follows:

(1) If the device that was used in conjunction with the Compound(s) or Product(s) licensed to Rigel under this Section 9.5(b) is manufactured by a Third Party and is substantially proprietary to such Third Party (rather than Pfizer or an Affiliate of Pfizer), then, to the extent permitted by agreements between Pfizer and such Third Party (the "Device Licenses"), Pfizer shall, upon Rigel's written request, assign to Rigel all of its rights and obligations (including the obligation to make applicable royalty or other payments) under the Device Licenses in order to make, have made, use, import, offer for sale and sell, such Compound or Product (including the device). In the event that Pfizer is prohibited from making such assignment under the terms of the Device Licenses (and fails to obtain consent for such assignment from such Third Party after using its commercially reasonable efforts), then, to the extent permitted by the Device Licenses and upon Rigel's written request (A) the license granted under this Section 9.5(b) shall include Pfizer's rights with respect to such device for a period not exceeding 60 days following the applicable date of termination pursuant to Section 9.2, 9.3 or 9.4 (as the case may be), (B) Pfizer shall use commercially reasonable efforts to authorize Rigel to procure such device directly from the Third Party, and (C) Pfizer shall use commercially reasonable efforts to facilitate Rigel in establishing a direct vendor relationship with such Third Party.

(2) If the device that was used in conjunction with the Compound(s) or Product(s) licensed to Rigel is substantially proprietary to Pfizer or an Affiliate of Pfizer (rather than a Third Party), whether or not such device is manufactured by a Third Party, then the license granted to Rigel under this Section 9.5(b) shall exclude any rights to make, have made, use, import, offer for sale or sell such device.

(v) Upon termination of this Agreement by Pfizer pursuant to Section 9.2(b) or Section 9.4(a) or 9.4(b), the licenses to Pfizer under Section 5.1 shall remain in effect, subject to the adjustment mechanisms of Sections 3.3 and 3.4(a). In such case, Pfizer shall remain liable for the Event Milestone Payments and royalties due under Article 6, but, in the event of termination by Pfizer pursuant to Section 9.4(a), may offset against such payment obligations any contract damages that are determined to be due to Pfizer pursuant to Article 12. Upon termination by Pfizer pursuant to Section 9.2(b), the JRC formed under Article 2 shall be disbanded, Pfizer shall have no further obligation to deliver Research Plan(s) and Development Plan(s) under this Agreement, and each Party's exclusivity obligations under Section 5.3 shall

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terminate. Upon termination by Pfizer pursuant to Section 9.4(a) or 9.4(b), Pfizer shall be relieved of its remaining obligations to Rigel under this Agreement except (subject to the foregoing provisions of this Section 9.5(b)(v)) for Pfizer's obligations under Articles 6, 7, 8 and 11.

(vi) Upon termination by reason of the expiration of the Royalty Term with respect to any Product, then as of the effective date of such termination and on a country-by-country basis, the license from Rigel to Pfizer under Section 5.1 shall convert to a fully-paid, royalty-free, exclusive, sublicensable license under the Rigel Technology to make, have made, use, import, offer for sale and sell such Product for Intrapulmonary Administration and Other Topical Administration in the Field, subject, however, to the royalty provisions of Section 6.4 in the event a Rigel Patent with a Valid Claim later issues covering such Product in such country.

(c) Assignment of Section 3.9 Patents. Upon termination of this Agreement by Pfizer pursuant to Section 9.2(a) or by Rigel pursuant to Section 9.3 or 9.4(a) or 9.4(b), Pfizer shall promptly assign to Rigel all of its right, title, and interest in and to all patents and patent applications filed by Pfizer, or that Pfizer has the right to file, pursuant to Section 3.9(a).

(d) Royalty Payable By Rigel. In the event of termination by Rigel of Pfizer's rights as to a specific Compound or Product pursuant to Section 9.2(b), or of the Agreement as a whole pursuant to Section 9.3 or 9.4, then if Rigel, either alone or through a sublicensee, Commercializes a Product under a license from Pfizer pursuant to Section 9.5(b), Rigel shall pay to Pfizer a royalty of **[*]** of Net Sales of such Product in the Territory.

10. REPRESENTATIONS AND WARRANTIES

10.1 General Representations and Warranties. Each Party represents and warrants to the other that, as of the date hereof:

(a) it is duly organized and validly existing under the laws of its state or country of incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person or persons executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

(c) this Agreement is legally binding upon it and enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material law or regulation of any Governmental Authority having jurisdiction over it;

(d) it has not granted, and will not grant during the Term of the Agreement, any right to any Third Party that would conflict with the rights granted to the other Party hereunder. It has (or will have at the time performance is due) maintained and will maintain and keep in full force and effect all agreements necessary to perform its obligations hereunder;

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(e) it is aware of no action, suit or inquiry or investigation instituted by any governmental agency that questions or threatens the validity of this Agreement; and

(f) all necessary consents, approvals and authorizations of all governmental authorities and other Persons required to be obtained by such Party to enter into, or perform its obligations under, this Agreement have been obtained, other than in connection with the HSR Act.

10.2 Representations and Warranties of Rigel. As of the date hereof, Rigel hereby represents and warrants to Pfizer as follows:

(a) to the best of Rigel's knowledge, the patents that will issue from the patent applications set forth on Schedule 1.65 will be valid and enforceable;

(b) Rigel has not received any written notice or claim that Rigel is infringing any Third Party Patent through activities related to Compounds or Products, and to the best of its knowledge no Third Party is infringing any Rigel Patent;

(c) to the best of its knowledge, the manufacture of Compounds through Rigel's current process does not, and the use or sale by Pfizer of any Compound would not, infringe any patents of Third Parties existing as of the execution of this Agreement;

(d) Rigel is the legal and beneficial owner of, or has the right to grant to Pfizer the rights granted herein to, all Rigel Technology with respect to the Compounds, and no other Person has any right, interest or claim in or to such rights, and Rigel has not entered into any agreement granting any right or interest in such Rigel Technology with respect to the Compounds;

(e) Schedule 1.65 contains a complete and correct list as of the Effective Date of all patents and patent applications Controlled by Rigel or any of its Affiliates relating to any Compound or any Product that cover rights licensed to Pfizer in this Agreement;

(f) none of the rights of Rigel or its Affiliates under the Rigel Patents set forth on Schedule 1.65 have been licensed to Rigel or its Affiliates from any Third Party, and none of such rights were developed with funding from the United States government or other governmental entity; and

(g) Rigel has disclosed to Pfizer all material Information known to Rigel concerning the Compounds.

10.3 Disclaimer Concerning Technology. EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EXCEPT FOR THOSE SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO. NOTWITHSTANDING

ANYTHING TO THE CONTRARY IN THIS AGREEMENT, (A) BOTH PARTIES ACKNOWLEDGE AND AGREE THAT, NOTWITHSTANDING THE DILIGENT EFFORTS OF THE PARTIES, THE ACTIVITIES TO BE CONDUCTED UNDER THE RESEARCH PROGRAM AND ANY DEVELOPMENT PLAN PREPARED BY PFIZER ARE INHERENTLY UNCERTAIN, AND THAT THERE ARE NO ASSURANCES THAT THE PARTIES WILL SUCCESSFULLY IDENTIFY A DRUG CANDIDATE OR THAT ANY SUCH CANDIDATE WILL BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED BY PFIZER AS A PRODUCT; AND (B) EACH PARTY EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, TO THE CONTRARY.

11. INDEMNITIES

11.1 Mutual Indemnification. Subject to Section 11.3, each Party hereby agrees to indemnify, defend and hold the other Party, its Affiliates, its licensees, and its and their officers, directors, employees, consultants, contractors, sublicensees and agents (collectively, "Representatives") 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 arising out of any such Claim (as defined in this Section 11.1), (collectively, "Damages") resulting from claims, suits, proceedings or causes of action ("Claims") brought by a Third Party against a Party or its Representatives based on: (a) breach of any representation or warranty by the indemnifying Party contained in this Agreement, (b) breach of any applicable law by such indemnifying Party, or (c) gross negligence or willful misconduct by such indemnifying Party, its Affiliates, or their respective employees, contractors or agents.

11.2 Indemnification by a Party.

(a) Subject to Section 11.3, Pfizer hereby agrees to indemnify, defend and hold Rigel and its Representatives harmless from and against any Damages resulting from Claims brought by a Third Party against Rigel or its Representatives resulting directly or indirectly from Pfizer's Development or Commercialization of any Product, except to the extent that such Damages are covered by Rigel's indemnification of Pfizer pursuant to Section 11.1.

(b) Subject to Section 11.3, Rigel hereby agrees to indemnify, defend and hold Pfizer and its Representatives harmless from and against any Damages resulting from Claims brought by a Third Party against Pfizer or its Representatives resulting directly or indirectly from Rigel's Development or Commercialization of any product comprising a compound that has reverted from Pfizer back to Rigel under this Agreement, except to the extent that such Damages are covered by Pfizer's indemnification of Rigel pursuant to Section 11.1.

11.3 Conditions to Indemnification. In the event that any Third Party asserts a claim with respect to any matter for which a Party (the "Indemnified Party") is entitled to indemnification hereunder (a "Third Party Claim"), then the Indemnified Party shall promptly notify the Party obligated to indemnify the Indemnified Party (the "Indemnifying Party") thereof; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent that) the Indemnifying Party is prejudiced thereby.

(a) The Indemnifying Party shall have the right, exercisable by notice to the Indemnified Party within ten (10) Business Days of receipt of notice from the Indemnified Party of the commencement of or assertion of any Third Party Claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Third Party Claim (including the right to settle the claim solely for monetary consideration) with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided, that the Indemnifying Party shall seek the prior consent of any such Indemnified Party as to any settlement that would materially diminish or materially adversely affect the scope, exclusivity or duration of any Patents licensed under this Agreement, would require any payment by such Indemnified Party, would require an admission of legal wrongdoing in any way on the part of an Indemnified Party or would effect an amendment of this Agreement. In the case of any Third Party Claim that is the subject of Section 11.3, Pfizer shall be entitled to control the defense of such Third Party Claim subject to the remaining provisions of this Section 11.

(b) Within ten (10) days after the Indemnifying Party has given notice to the Indemnified Party of its intended exercise of its right to defend a Third Party Claim, the Indemnifying Party shall be entitled, at its sole cost and expense, to assume and conduct such defense, with counsel selected by the Indemnifying Party.

During such time as the Indemnifying Party is controlling the defense of such Third Party Claim, the Indemnified Party shall cooperate, and cause its Affiliates and agents to cooperate upon request of the Indemnifying Party in the defense or prosecution of the Third Party Claim, including by furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials or appeals as may reasonably be requested by the Indemnifying Party. In the event that the Indemnifying Party does not notify the Indemnified Party of the Indemnifying Party's intent to defend any Third Party Claim within ten (10) Business Days after notice thereof, the Indemnified Party may (without further notice to the Indemnifying Party) undertake the defense thereof with counsel of its choice and at the Indemnifying Party's reasonable expense (including reasonable, out-of-pocket attorneys' fees and costs and expenses of enforcement or defense). The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to join in (including the right to conduct discovery, interview and examine witnesses and participate in all settlement conferences), but not control, at its own expense, the defense of any Third Party Claim that the other Party is defending as provided in this Agreement.

(c) In no event may an Indemnified Party settle or compromise any Third Party Claim for which it/he/she intends to seek indemnification from the Indemnifying Party hereunder without the prior consent of the Indemnifying Party, or the indemnification provided under such Section 11.1, 11.2 or 11.3 as to such Third Party Claim shall be null and void.

11.4 Exclusion of Damages. IN NO EVENT SHALL EITHER PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE, ARISING OUT OF THIS AGREEMENT, UNLESS SUCH DAMAGES ARE DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LIABLE PARTY. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, INDEMNIFICATION PURSUANT TO THIS ARTICLE 11 SHALL BE THE SOLE AND EXCLUSIVE REMEDY (WHETHER BASED ON

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CONTRACT, TORT OR ANY OTHER LEGAL THEORY) AVAILABLE TO RIGEL OR PFIZER FOR ANY MATTERS COVERED THEREIN.

12. DISPUTE RESOLUTION

12.1 Disputes. The Parties recognize that disputes as to certain matters may from time to time arise during the Term that relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree that, in the event of any disputes, controversies or differences that may arise between the Parties, out of or in relation to or in connection with this Agreement, or for the breach thereof, upon the request of either Party, the Parties agree to meet and discuss in good faith a possible resolution thereof. If the matter is not resolved within sixty (60) days following the request for discussions, either Party may commence an action in accordance with Section 12.2 below. Notwithstanding the foregoing, each Party shall be entitled to seek injunctive relief and specific performance in any Court without waiting for the expiration of any such sixty (60) day period.

12.2 Governing Law; Jurisdiction. Resolution of all disputes arising out of or related to this Agreement or the performance, enforcement, breach or termination of this Agreement and any remedies relating thereto, shall be governed by and construed under the substantive laws of the State of Delaware, without regard to conflicts of law rules that would provide for application of the law of a jurisdiction outside Delaware. If such controversy or claim cannot be resolved by means of negotiations as described in Section 12.1, then such controversy or claim shall be resolved by the United States District Court for the District of Delaware or a local court sitting in Wilmington, Delaware (collectively, the "Courts"). Each Party (a) irrevocably submits to the exclusive jurisdiction in the Courts, for purposes of any action, suit or other proceeding relating to or arising out of this Agreement, and (b) agrees not to raise any objection at any time to the laying or maintaining of the venue of any such action, suit or proceeding in any of the Courts, irrevocably waives any claim that such action, suit or other proceeding has been brought in an inconvenient forum and further irrevocably waives the right to object, with respect to such action, suit or other proceeding, that such Court does not have any jurisdiction over such Party.

13. MISCELLANEOUS

13.1 Entire Agreement; Amendment. This Agreement, including the exhibits attached hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto and supersedes and terminates all prior agreements and understandings between the Parties. 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.

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13.2 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 include conditions beyond the control of the Parties, including without limitation, an act of God, voluntary or involuntary compliance with any regulation, law or order of any government, war, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe; provided, however, the payment of invoices due and owing hereunder shall not be delayed by the payer because of a force majeure affecting the payer, unless such force majeure specifically precludes the payment process.

13.3 Notices. Any notices, approvals, or consents required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement and shall be deemed to have been sufficiently given for all purposes if mailed by first class certified or registered mail, postage prepaid, internationally recognized express delivery service or personally delivered. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below:

For Rigel:
Rigel Pharmaceuticals, Inc.
1180 Veterans Boulevard
South San Francisco, CA 94080
Fax: (650) 624-1101
Attn:

With a copy to:	Cooley Godward LLP Five Palo Alto Square 3000 El Camino Real Palo Alto, CA 94306-2155 Fax: (650) 849-7400 Attention: Robert L. Jones, Esq.
For Pfizer:	Pfizer Inc. 235 East 42nd Street New York, New York 10017 Fax: 212-808-8924 Attention: Executive Vice President and General Counsel

13.4 **United States Dollars**. References in this Agreement to "**Dollars**" or "**$**" shall mean the legal tender of the United States of America.

13.5 **No Strict Construction**. This Agreement has been prepared jointly and shall not be strictly construed against either Party.

13.6 **Assignment**. Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior consent of the other;provided, however, that a Party may make such an assignment without the other Party's consent (a) to an Affiliate or in conjunction with a merger, acquisition, or sale of all or substantially all of the assets of such Party to which this Agreement pertains, or (b) if such Party or its Affiliates is required to, or reasonably believes that it will be required to, divest any Product or a competing product in order to comply with law or the order of any Governmental Authority as a result of a merger or acquisition. Any assignment or attempted assignment by either Party in violation of the terms of this Section 13.6 shall be null and void and of no legal effect.

13.7 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.8 **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.

13.9 **Severability**. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by any 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 into this Agreement may be realized.

13.10 **Headings**. The headings for 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.

13.11 **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, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

13.12 **Standstill**.

(a) During the Standstill Period, neither Pfizer nor any of its Affiliates, without the prior consent of Rigel or except as provided for in this Agreement, in any agreement referred to herein, or in any agreement executed after the date hereof by Rigel with Pfizer or any of its Affiliates:

(i) acquire or agree, offer, seek or propose to acquire ownership, or cause ownership to be acquired (including, but not limited to, beneficial ownership as defined in Rule 13d-3 under the Exchange Act) of any Voting Stock of Rigel or securities convertible or exchangeable into or exercisable for any Voting Stock of Rigel if as a result of such acquisition, Pfizer and its Affiliates in the aggregate would own more than **[*]** of the Voting Stock of Rigel at the time of such acquisition;

(ii) initiate or participate as the soliciting party in any Proxy Solicitation with respect to the voting of any Voting Stock of Rigel;

(iii) form or join, or permit any Affiliate to form or join, any partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act) with respect to the acquisition of any Voting Stock of Rigel that would violate clause (i) above;

(iv) arrange, or in any way participate in, any financing for the purchase of any Voting Stock or securities convertible or exchangeable into or exercisable for any Voting Stock or assets of Rigel that would violate clause (i) above; or

(v) enter into any discussions, negotiations, arrangements or understandings with, or advise, assist or encourage any other Person with respect to, any of the foregoing prohibited matters.

Nothing contained in this Section 13.12 shall preclude Pfizer from making proposals, on a confidential basis, to Rigel or its Board of Directors, or from seeking a waiver from Rigel of any of the foregoing provisions of this Section 13.12.

(b) Notwithstanding anything to the contrary contained herein, the prohibitions set forth in this Section 13.12(a) shall not apply to (i) any investment in any Voting Stock of Rigel by or on behalf of any pension or employee benefit plan or trust, including without limitation (1) any direct or indirect interests in portfolio securities held by an investment company registered under the Investment Company Act of 1940, as amended, or (2) interests in securities comprising part of a mutual fund or broad based, publicly traded market basket or index of stocks approved for such a plan or trust in which such plan or trust invests; or (ii) Voting Stock of Rigel held by a Person acquired by Pfizer on the date such Person first entered into an agreement to be acquired by Pfizer or acquired after such Person was acquired by Pfizer pursuant to an agreement requiring (but only to the extent requiring) such Person to acquire such Voting Stock, which agreement was in effect on the date such Person first entered into an agreement to be acquired by Pfizer, or (iii) any assets or securities of Rigel, as debtor, that are acquired in a transaction subject to the approval of the United States Bankruptcy Court pursuant to proceedings under the United States Bankruptcy Code, or (iv) any securities sold to any Third Party as part of an Acquisition Proposal or Business Combination or voted for or against any such Acquisition Proposal or Business Combination.

(c) The provision of this Section 13.12 shall terminate and shall be of no further force and effect from and after the date that any of the following is disclosed (i) a Third Party independently or in concert with others commences or makes an Acquisition Proposal, (ii) Rigel solicits or conducts discussions or negotiations with respect to a Third-Party offer for an Acquisition Proposal or a Business Combination, (iii) Rigel enters into an agreement with a Third Party with respect to an Acquisition Proposal or a Business Combination, or (iv) Rigel or a Third Party announces (by press release, the filing of a report on a Schedule 13D, the making of a tender or exchange offer or otherwise) that it is in discussions or negotiations with respect to an Acquisition Proposal or a Business Combination.

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IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals by their proper officers as of the date and year first above written.

RIGEL PHARMACEUTICALS, INC.		**PFIZER INC.**	
BY:	/S/ RAUL RODRIGUEZ	BY:	/S/ LISA RICCIARDI
NAME:	RAUL RODRIGUEZ	NAME:	LISA RICCIARDI
TITLE:	EXECUTIVE V.P., COO	TITLE:	SENIOR VICE PRESIDENT, LICENSING AND DEVELOPMENT

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Exhibit A-1

Research Plan for [*]

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Exhibit A-2

Research Plan for Compounds

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Exhibit B

RIGEL PHARMACEUTICALS, INC.

COMMON STOCK PURCHASE AGREEMENT

THIS COMMON STOCK PURCHASE AGREEMENT (the "***Agreement***") is made as of March 10, 2005, by and between **RIGEL PHARMACEUTICALS, INC.**, a Delaware corporation (the "***Company***") and **PFIZER INC.**, a Delaware corporation ("***Pfizer***").

WHEREAS, the Company desires to issue, and Pfizer desires to acquire, stock of the Company as herein described, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IT IS AGREED between the parties as follows:

1. Purchase and Sale of Stock. Pfizer hereby agrees to purchase from the Company, and the Company hereby agrees to sell to Pfizer, an aggregate of One Hundred and Ninety Thousand Six Hundred and Ninety Four (190,694) shares of the Common Stock of the Company (the "***Shares***") at Twenty-Six Dollars and Twenty-Two Cents ($26.22)(1) per share, for an aggregate purchase price of five million dollars ($5,000,000), payable in cash. The closing hereunder, including payment for and delivery of the Shares shall occur at the offices of the Company immediately following the execution of this Agreement, or at such other time and place as the parties may mutually agree.

2. Limitations on Transfer. Pfizer shall not assign, hypothecate, donate, encumber or otherwise dispose of any interest in the Shares except in compliance with the provisions herein and applicable securities laws. The Company shall not be required (a) to transfer on its books any of the Shares which shall have been transferred in violation of any of the provisions set forth in this Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares shall have been so transferred.

3. Restrictive Legends. All certificates representing the Shares shall have endorsed thereon (a) any legend required by appropriate blue sky officials and (b) a legend in substantially the following form (in addition to any other legend which may be required by other agreements between the parties hereto):

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED UNLESS THE SALE IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT,

(1) The price per share will equal [*] of the Current Market Price. The "Current Market Price" means the average of the daily closing prices as reported by the Nasdaq National Market for the five trading days immediately preceding the execution date of that certain Collaborative Research and License Agreement by and between the Company and Pfizer.

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THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT COVERING SUCH SHARES, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

4. Company Representations. In connection with the sale and purchase of the Shares, the Company represents to Pfizer the following:

4.1 The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate power and authority required to conduct its business as presently conducted.

4.2 The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, and this Agreement has been duly authorized and validly executed and delivered by the Company. All corporate actions on the part of the Company necessary for the authorization, execution, delivery of, and the performance of all obligations of the Company under this Agreement and the authorization, issuance, reservation for issuance and delivery of all of the Shares being sold hereunder have been taken. When issued in accordance with the provisions of this Agreement, the Shares will be validly authorized and issued, fully paid and nonassessable, and will not be subject to any mortgage, lien, pledge, security interest, charge or similar encumbrance.

4.3 This Agreement is legally binding upon the Company and enforceable against the Company in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditor's rights, (b) general principles of equity that restrict the availability of equitable remedies, and (c) to the extent that the enforceability of the indemnification provisions set forth in Section 6.8 may be limited by applicable law. The execution, delivery and performance of this Agreement by the Company do not (x) conflict with its certificate incorporation, bylaws or any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, or (y) violate any material law or regulation of any court, agency, department

or other instrumentality of any foreign, federal, state, county, city or other political subdivision (each a "***Governmental Authority***") having jurisdiction over it. All necessary consents, approvals and authorizations of, and all filings with, all Governmental Authorities and other persons required to be obtained or made by the Company to enter into, or perform its obligations under, this Agreement have been obtained or made (as the case may be), except for such consents, approvals or authorizations that must be made after the date hereof, which will be obtained or made (as the case may be) in a timely manner.

4.4 There is no material action, suit or governmental proceeding pending or, to the knowledge of the Company, threatened against or involving the Company or any of its properties or other assets or which questions the validity of this Agreement or any action taken or to be taken by the Company pursuant to this Agreement or in connection with the transactions contemplated hereby. There is no fact or circumstance known to the Company that would reasonably be expected to give rise to any material action, suit, proceeding, inquiry or investigation against, relating to or affecting the Company or any of its properties or other assets.

The Company is not subject to any judgment, order or decree that materially restricts its business practices or its ability to acquire any property or conduct its business in any area.

4.5 The Company is not (a) in violation of its certificate of incorporation or its bylaws, (b) to the knowledge of the Company, in material violation of any law, administrative regulation, ordinance or order of any court or governmental agency, arbitration panel or authority applicable to the Company, or (c) in default (and there exists no condition which, with the passage of time or otherwise, would constitute a default) in the performance of any material contract to which it is a party or by which it may be bound. No notice, charge, claim, action or assertion has been received by the Company alleging such a violation or default.

4.6 The financial statements of the Company and the related notes contained in the Company's annual report on Form 10-K for the year ended December 31, 2003 and any Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed subsequent thereto (excluding any and all financial information furnished and not filed in a Current Report on Form 8-K, by press release or otherwise) with the Securities and Exchange Commission (the "***SEC***") by the Company (collectively, the "***SEC Documents***") have been prepared from and are in accordance with the books and records of the Company and present fairly, in accordance with United States generally accepted accounting principles ("***GAAP***"), the financial condition of the Company as of the dates indicated, and the results of its operations and cash flows for the periods therein specified. Such financial statements (including the related notes) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods therein specified and have complied, as of their respective dates, in all material respects with the applicable accounting requirements and rules and regulations of the SEC. Except as disclosed and adequately reserved for in such financial statements (other than such draw downs as have been made under the Company's existing equipment credit lines), the Company has no material debts, liabilities or (whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, or determined or determinable). Other than as disclosed in the SEC Documents, since December 31, 2003, the business of the Company has been conducted in the ordinary course and there has not been any change or event that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse on the business, operations, assets, financial condition or results of operation of the Company.

4.7 The Company has filed in a timely manner all documents that the Company was required to file under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") and the Nasdaq Marketplace Rules during the twelve (12) months preceding the date of this Agreement. The SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended (the "***Securities Act***"), and the Exchange Act and the rules and regulations of the SEC promulgated thereunder as of their respective filing dates, and none of the SEC Documents, including any financial statements or schedules included or incorporated by reference therein, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Chief Executive Officer and the Chief Financial Officer of the Company have signed, and the Company has furnished to the SEC, all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the "***Certifications***"). The Certifications have not been modified or withdrawn, and neither the Company nor any of it officers has received notice

from any governmental entity questioning or challenging the accuracy, completeness, content, form or manner of filing or submission of the Certifications.

5. Pfizer Representations. In connection with the sale and purchase of the Shares, Pfizer represents to the Company the following:

5.1 Pfizer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate power and authority required to conduct its business as presently conducted.

5.2 Pfizer has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, and this Agreement has been duly authorized and validly executed and delivered by Pfizer. All corporate actions on the part of Pfizer necessary for the authorization, execution, delivery of, and the performance of all obligations of Pfizer under this Agreement have been taken.

5.3 This Agreement is legally binding upon Pfizer and enforceable against Pfizer in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditor's rights, (b) general principles of equity that restrict the availability of equitable remedies, and (c) to the extent that the enforceability of the indemnification provisions set forth in Section 6.8 may be limited by applicable law. The execution, delivery and performance of this Agreement by Pfizer do not (x) conflict with its certificate incorporation, bylaws or any material agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, or (y) violate any material law or regulation of any Governmental Authority having jurisdiction over it. All necessary consents, approvals and authorizations of, and all filings with, all Governmental Authorities and other persons required to be obtained or made by Pfizer to enter into, or perform its obligations under, this Agreement have been obtained or made (as the case may be), except for such consents, approvals or authorizations that must be made after the date hereof, which will be obtained or made (as the case may be) in a timely manner.

5.4 Pfizer has requested, received, reviewed and considered all information it deemed relevant in making an informed decision to purchase the Shares. Pfizer is purchasing the Shares for investment for Pfizer's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

5.5 Pfizer understands that the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Pfizer's investment intent as expressed in Section 5.4.

5.6 Pfizer further acknowledges and understands that the Shares must be held until the Shares are registered under the Securities Act or an exemption from such registration is available for sale or other transfer. Pfizer understands that the certificate evidencing the Shares will be imprinted with a legend which prohibits the transfer of the Shares unless the sale is made in accordance with Rule 144 under the Securities Act, as in effect from time to time ("***Rule***

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144"), such Shares are registered in accordance with the Securities Act or the Company receives an opinion of counsel reasonably satisfactory to the Company that such registration is not required.

5.7 Pfizer is familiar with the provisions of Rule 144, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions.

5.8 The Shares may be resold by Pfizer in certain limited circumstances subject to the provisions of Rule 144, which requires, among other things: (a) the availability of certain public information about the Company and (b) the resale occurring following the required holding period under Rule 144 after Pfizer has purchased, and made full payment of (within the meaning of Rule 144), the securities to be sold.

5.9 Pfizer further understands that at the time Pfizer wishes to sell the Shares there may be no public market upon which to make such a sale.

5.10 Pfizer further warrants and represents that by reason of its, or of its management's, business or financial experience, Pfizer has the capacity to protect its own interests in connection with the transactions contemplated in this Agreement. Further, Pfizer is aware of no publication of any advertisement in connection with the transactions contemplated in this Agreement.

5.11 Pfizer further warrants and represents that it is an accredited investor within the meaning of Regulation D under the Securities Act.

6. Piggyback Registration Rights.

6.1 Definitions. For purposes of this Section 6, the following terms shall have the following respective meanings:

(a) ***"Register," "registered,"*** and ***"registration"*** refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(b) ***"Registration Expenses"*** shall mean all expenses incurred by the Company in complying with Section 6.2 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, and blue sky fees and expenses.

(c) ***"Selling Expenses"*** shall mean all underwriting discounts and selling commissions applicable to a sale of Shares pursuant to Section 6.2(a).

6.2 Piggyback Registrations. The Company shall notify Pfizer in writing at least ten (10) days prior to the filing of a registration statement under the Securities Act for purposes of a public offering of securities of the Company (excluding registration statements relating to employee benefit plans, the offer and sale of debt securities, with respect to corporate

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reorganizations or other transactions under Rule 145 of the Securities Act, or with respect to a solely primary offering of securities of the Company) and will afford Pfizer an opportunity to include in such registration statement all or part of the Shares held by Pfizer. In the event that Pfizer desires to include in any such registration statement all or any part of the Shares held by it, it shall, within ten (10) days after the above-described notice from the Company, so notify the Company in writing. Such notice shall state the intended method of disposition of the Shares by Pfizer. If Pfizer decides not to include all of the Shares in a registration statement filed by the Company, Pfizer shall nevertheless continue to have the right to include any remaining Shares in any subsequent registration statement or registration statements as may be filed by the Company with respect to secondary offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If the registration statement under which the Company gives notice pursuant to this Section 6.2 is for an underwritten offering, the Company shall so advise Pfizer. In such event, Pfizer's right to be included in a registration pursuant to this Section 6.2 shall be conditioned upon such Pfizer's participation in such underwriting and the inclusion of any Shares to be sold by Pfizer in the underwriting to the extent provided herein. In the event that Pfizer proposes to distribute any Shares through such underwriting, it shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be sold by selling stockholders in the underwriting shall be allocated first, to Pfizer on a *pro rata* basis with any stockholders of the Company with registration rights at the time of such offering based on the aggregate number of shares of the Company's Common Stock held by Pfizer and such stockholders that are subject to such registration rights (such that the number of Shares then held by Pfizer that Pfizer is able to include in such underwriting is proportional to the number of shares of Common Stock of the Company that are included by any other selling stockholder relative to the total number of shares of Common Stock of the Company then held by such selling stockholder that are subject to such registration rights); and second, on a *pro rata* basis to any stockholders of the Company that are not included in the first category. If Pfizer disapproves of the terms of any such underwriting, Pfizer may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least five (5) business days prior to the effective date of the registration statement or the date of an offering under a registration statement that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (a "***Shelf Registration Statement***"), as applicable. Any Shares excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it pursuant to this Section 6.2 prior to the effectiveness of such registration whether or not Pfizer has elected to include Shares in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 6.3 hereof.

6.3 Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration pursuant to Section 6.2 herein

shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so sold *pro rata* on the basis of the number of shares so sold.

6.4 Obligations of the Company. Whenever required to effect the registration of any Shares, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Shares and use its commercially reasonable best efforts to cause such registration statement to become effective as soon as practicable. The Company shall not be required to file, cause to become effective or maintain the effectiveness of any Shelf Registration Statement; *provided*, *however*, that the foregoing shall not limit the Company's obligations under Section 6.2 to the extent that the Company is obligated to file, cause to become effective or maintain the effectiveness of any Shelf Registration Statement for the benefit of other stockholders of the Company.

(b) Subject to Section 6.4(a), use its commercially reasonable best efforts to prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for a period not exceeding the earlier of (i) the second anniversary of the date hereof; or (ii) such time as all of the Shares held by Pfizer have been sold.

(c) Furnish to Pfizer such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as Pfizer may reasonably request in order to facilitate the disposition of Shares.

(d) Use its commercially reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by Pfizer; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) Advise Pfizer promptly after it shall receive notice or obtain knowledge of the issuance of any stop order by the SEC delaying or suspending the effectiveness of a registration statement or of the initiation of any proceeding for that purpose; and it will promptly use its commercially reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

(f) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. In the event that Pfizer participates in such underwriting, it shall also enter into and perform its obligations under such an agreement.

(g) Notify Pfizer at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of

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which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(h) Cause all such Shares registered under such registration statement to be listed on each securities exchange on which the Common Stock of the Company is then listed.

(i) Use its commercially reasonable best efforts to furnish, on the date that such Shares are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters, if any.

6.5 Obligations of Pfizer.

(a) In the event: (i) of any request by the SEC or any other federal or state governmental authority during the period of effectiveness of a registration statement filed pursuant to Section 6.2 for amendments or supplements to such registration statement or related prospectus or for additional information so that such registration statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or otherwise fail to comply with the applicable rules and regulations of the federal securities laws; (ii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Shares for sale in any jurisdiction or the initiation of any proceeding for such purpose, provided that, considering the advice of counsel, the Company reasonably believes that it must qualify in such jurisdiction; (iv) of any event or circumstance that, considering the advice of counsel, the Company reasonably believes necessitates the making of any changes in such registration statement or related prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of such registration statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of a related prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (v) that the Company reasonably believes, considering the advice of counsel, that the Company may, in the absence of a suspension described hereunder, be required under state or federal securities laws to disclose any corporate development, the disclosure of which could reasonably be expected to have a material adverse effect upon the Company, its stockholders, a potentially material transaction or event involving the Company, or any negotiations, discussions or proposals directly relating thereto; then the Company shall

deliver a written notice (a "***Suspension Notice***") to Pfizer to the effect of the foregoing and, upon receipt of such Suspension Notice, Pfizer will refrain from selling any Shares pursuant to such registration statement (a "***Suspension***") until Pfizer receives copies of a supplemented or amended prospectus prepared and filed by the Company or until Pfizer is advised in writing by the Company that the current prospectus may be used and Pfizer has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such prospectus. In the event of a Suspension, the Company will use its commercially reasonable efforts to cause the use of the prospectus so suspended to be resumed as soon as reasonably practicable after delivery of a Suspension Notice to Pfizer.

(b) Provided that a Suspension is not then in effect, Pfizer may sell the Shares under the registration statement, provided that Pfizer arranges for delivery of a current prospectus to the transferee of such Shares to the extent such delivery is required by applicable law.

6.6 Termination of Registration Rights. All registration rights granted under this Section 6 shall terminate and be of no further force and effect on the second anniversary of the date of this Agreement.

6.7 Delay of Registration; Furnishing Information.

(a) Pfizer shall not have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 6.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 6.2 that Pfizer shall furnish to the Company such information regarding itself, the Shares held by it and the intended method of disposition of such Shares as shall be required to effect the registration of such Shares.

6.8 Indemnification. In the event any Shares are included in a registration statement pursuant to Section 6.2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless Pfizer, the officers and directors of Pfizer, any underwriter (as defined in the Securities Act) for Pfizer and each person, if any, who controls Pfizer or the underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any

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state securities law in connection with the offering covered by such registration statement; and the Company will pay as incurred to Pfizer, or such officer, director, underwriter or controlling person of Pfizer, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided however*, that the indemnity agreement contained in this Section 6.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by Pfizer, or such officer, director, underwriter or controlling person of Pfizer.

(b) To the extent permitted by law, Pfizer will, if the Shares held by Pfizer are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other stockholder selling securities under such registration statement or any of such other stockholder's partners, directors or officers or any person who controls such stockholder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such stockholder, or partner, director, officer or controlling person of such other stockholder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by Pfizer under an instrument duly executed by Pfizer and stated to be specifically for use in connection with such registration; and Pfizer will pay as incurred any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other stockholder, or partner, officer, director or controlling person of such other stockholder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; *provided, however,* that the indemnity agreement contained in this Section 6.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of Pfizer, which consent shall not be unreasonably withheld; *provided further*, that in no event shall any indemnity under this Section 6.8 exceed the net proceeds from the offering received by Pfizer.

(c) Promptly after receipt by an indemnified party under this Section 6.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 6.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however,* that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential

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differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 6.8, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 6.8.

(d) If the indemnification provided for in this Section 6.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided*, that in no event shall any contribution by Pfizer hereunder exceed the net proceeds from the offering received by Pfizer.

(e) The obligations of the Company and Pfizer under this Section 6.8 shall survive completion of any offering of the Shares in a registration statement and the termination of this agreement. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

6.9 Assignment of Registration Rights. The rights to cause the Company to register the Shares pursuant to this Section 6 may not be assigned by Pfizer other than to an affiliate of Pfizer.

6.10 Amendment of Registration Rights. Any provision of this Section 6 may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Pfizer. Any amendment or waiver effected in accordance with this Section 6.10 shall be binding upon Pfizer and the Company. By acceptance of any benefits under this Section 6, Pfizer hereby agrees to be bound by the provisions hereunder.

7. Rule 144 Reporting. With a view to making available to Pfizer the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit Pfizer to sell the Shares to the public without registration or pursuant to a registration statement on Form S-3 under the Securities Act (or any successor or similar registration form under the Securities Act)

("***Form S-3***"), the Company covenants and agrees to use its commercially reasonable efforts to: (a) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144, until such time as all the Shares have been sold; (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and (c) furnish to Pfizer upon written request, as long as Pfizer owns any Shares, (x) a written statement by the Company that it has complied with the reporting requirements of Rule 144 and the Exchange Act or that it qualifies as a registrant whose securities may be registered on Form S-3, (y) a copy of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q and (z) such other documents filed with the SEC as Pfizer may reasonably request in order to avail itself of any rule or regulation of the SEC that permits the selling of any Shares without registration.

8. Miscellaneous.

8.1 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (c) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party's address hereinafter set forth on the signature page hereof, or at such other address as such party may designate by written notice to the other party hereto.

8.2 Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, be binding upon Pfizer's successors and assigns.

8.3 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state or federal court sitting in Wilmington, Delaware.

8.4 Further Execution. The parties agree to take all such further commercially reasonable action(s) as may reasonably be necessary to carry out and consummate the transactions contemplated by this Agreement as soon as practicable, and to take whatever commercially reasonable steps may be necessary to obtain any governmental approval in connection with or otherwise qualify the issuance of the Shares.

8.5 Entire Agreement; Amendment. This Agreement, together with the Collaborative Research and License Agreement, dated as of January , 2005, between the Company and Pfizer, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, whether written or oral. This Agreement may not be amended, modified or revoked, in whole or in part, except by an agreement in writing signed by each of the parties hereto.

8.6 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of this Agreement shall be interpreted as if such provision were so excluded and such that the objectives contemplated by the parties when entering into this Agreement may be realized, and (c) the balance of this Agreement shall be enforceable in accordance with its terms.

8.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RIGEL PHARMACEUTICALS, INC.

Address: 1180 Veterans Boulevard
South San Francisco, CA 94080

By: /s/ Raul Rodriguez
Name: Raul Rodriguez
Title: Executive VP and C.O.O.

PFIZER INC.

Address: 235 East 42nd Street
New York, NY 10017

By: /s/Lisa Ricciardi
Name: Lisa Ricciardi
Title: Senior V.P., Licensing and Development

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Schedule 1.13

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Schedule 1.57

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Schedule 1.65

Rigel Patents

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AS AMENDED.

Schedule 1.69

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Schedule 3.6

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Schedule 7.3(a)(iii)

Rigel Country List

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Schedule 7.3(a)(iv)

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Schedule 8.5a

Press Release

RIGEL AND PFIZER SIGN COLLABORATIVE RESEARCH AND LICENSE AGREEMENT FOR THE TREATMENT OF ALLERGIC ASTHMA AND OTHER RESPIRATORY DISEASES

Collaboration to Focus on Novel Class of Compounds to Address Respiratory Inflammatory Diseases

South San Francisco, Calif, and New York, NY, January 20, 2005— Rigel Pharmaceuticals, Inc. (Nasdaq: RIGL) and Pfizer Inc. (NYSE: PFE) today announced that the two companies have entered into a collaborative research and license agreement for the development of inhaled products for the treatment of allergic asthma and other respiratory diseases such as chronic obstructive pulmonary disease (COPD). The collaboration is focused on Rigel's preclinical small molecule compounds, which inhibit IgE receptor signaling in respiratory tract mast cells by blocking the signaling enzyme Syk kinase.

Under the terms of the agreement, Rigel will receive an upfront cash payment, as well as milestone payments and royalties on any future product sales. Pfizer will make an equity investment in Rigel and will be responsible for the worldwide development and commercialization of any resulting products. Financial terms of the agreement were not announced.

"Inhibition of Syk kinase is a novel approach to reduce the chronic inflammation in patients with allergic diseases of the respiratory tract such as allergic asthma," said Martin Mackay, Senior Vice President Worldwide Research & Technology for Pfizer Inc. "We believe that the combination of Rigel's novel small molecule approach and Pfizer's drug development capabilities will allow us to progress new and important treatments for respiratory diseases."

"Pfizer's commitment to targeting the unmet medical needs of asthma and respiratory patients makes them an ideal partner with the requisite capabilities and global reach to

succeed in this collaboration," said James M. Gower, chief executive officer of Rigel. "This is our second research collaboration with Pfizer in this field and it confirms the quality of our company's programs in the respiratory field."

Rigel has pioneered the discovery of treatments for allergic diseases by blocking Syk kinase. The Company was the first to discover and develop potent and selective Syk inhibitors and introduce these into the clinic.

The Syk kinase intrapulmonary collaboration with Pfizer does not include R112, Rigel's lead Syk kinase inhibitor that is being developed for the treatment of allergic rhinitis. Rigel recently completed a successful Phase II clinical study with R112 and is proceeding with the further

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clinical development of R112 for allergic rhinitis. After further Phase II clinical trials are completed, Pfizer will have a limited option to license R112 and Rigel's Syk inhibitors in the allergic rhinitis field under different financial and other obligations.

Syk Inhibition in Respiratory Diseases

Rigel's small molecule compounds bind to and inhibit Syk kinase, an intracellular target that regulates IgE receptor signaling in mast cells and thus prevent cellular activation and subsequent release of multiple chemical mediators. However, unlike common allergy and asthma drugs that block only a single chemical mediator, Syk inhibitors block the major IgE dependent pathways in mast cells that trigger an allergic attack, potentially making Syk inhibitors more effective and comprehensive drugs. Currently, steroids are the only other non-injectable class of agents that block multiple chemical mediators in the allergic response, but these have a slow onset of action.

About Asthma and Chronic Airway Inflammatory Disease

There are nearly 15 million Americans with asthma, the chronic inflammatory disease of the airways that is characterized by episodic flare-ups or attacks that can be life-threatening. The Centers for Disease Control and Prevention (CDC) estimates that direct costs to the United States for asthma management and treatment is nearly $15 billion on an annual basis, with more than 11 million physician office visits, 1.8 million emergency room visits, and 500,000 hospitalizations. COPD, a group of diseases that cause airflow blockage and breathing-related problems, is currently the fourth leading cause of death in the U.S., according to the American Lung Association.

About Rigel (www.rigel.com)
Rigel's mission is to become a source of novel, small-molecule drugs to address large, unmet medical needs. The Company has four research and development programs investigating treatments for asthma/allergy, hepatitis C, rheumatoid arthritis and oncology. Rigel's strategy is to initiate clinical trials with at least one new product candidate annually and to pursue partnerships with pharmaceutical and biotechnology companies for late-stage clinical development and commercialization of those product candidates.

About Pfizer (www.pfizer.com)
Pfizer Inc discovers, develops, manufactures and markets leading prescription medicines for humans and animals and many of the world's best-known consumer products.

Rigel Forward-Looking Statement
This press release contains "forward-looking" statements, including statements related to Rigel's plans to pursue clinical development of product candidates and the potential efficacy of product candidates. 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 "will," "plans," "intends," "expects" and similar expressions are intended to identify these forward-looking statements. There are a number of important factors and uncertainties that could cause results to differ materially from those indicated by these forward-looking statements, including risks relating to the preclinical or clinical development or commercialization of the affected product candidates or research programs as well as other risks detailed from time to time in Rigel's reports filed with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2004. Rigel does not undertake

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any obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

Pfizer Forward-Looking Statement
The information contained in this document is as of January 20, 2005. Pfizer assumes no obligation to update any forward-looking statements contained in this document as a result of new information or future events or developments.

This document contains forward-looking information about a research program that involves inherent uncertainties. The success of this research and development program and the speed with which regulatory authorizations and the launch of a product may be achieved, as well as competitive factors, could affect the actual outcome of this collaboration.

A further list and description of the risks, uncertainties and other matters that could cause the Pfizer's description contained herein to differ materially can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, and in its subsequent periodic reports on Form 10-Q and reports on Form 8-K (if any).

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Rigel Contacts:	Rigel Pharmaceuticals Raul Rodriguez 650-624-1302	Schwartz Communications Melinda Bagatelos or Ayanna Anderson 415-512-0770 rigel@schwartz-pr.com
Pfizer Contact:	Pfizer Inc Paul Fitzhenry 212-733-4637	

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Schedule 8.5b

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EXHIBIT 15.1

May 5, 2005

The Board of Directors and Stockholders of Rigel Pharmaceuticals, Inc.

We are aware of the incorporation by reference in the Registration

(1) Form S-3 No. 333-119785, of Rigel Pharmaceuticals, Inc.
(2) Form S-3 No. 333-112746, of Rigel Pharmaceuticals, Inc.
(3) Form S-3 No. 333-111777, of Rigel Pharmaceuticals, Inc.
(4) Form S-3 No. 333-106942, of Rigel Pharmaceuticals, Inc.
(5) Form S-3 No. 333-74906, of Rigel Pharmaceuticals, Inc.
(6) Form S-3 No. 333-87276 of Rigel Pharmaceuticals, Inc.
(7) Form S-8 No. 333-111782, pertaining to the 2000 Equity Incentive Plan of Rigel Pharmaceuticals, Inc.
(8) Form S-8 No. 333-107062, pertaining to the 2000 Employee Stock Purchase Plan of Rigel Pharmaceuticals, Inc.
(9) 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 Pharmaceuticals, Inc.
(10) 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.
(11) Form S-8 No. 333-72492, pertaining to the 2001 Non-Officer Equity Incentive Plan of Rigel Pharmaceuticals, Inc.;pertaining to the 2000 Equity Incentive Plan, 2000 Employee Stock Purchase Plan, 2000 Non-Employee Directors' Stock Option Plan and 2001 Non-Officer Equity Incentive Plan of Rigel Pharmaceuticals, Inc., related to the sale of common shares, and in the related prospectuses, as applicable, contained in such Registration Statements of our report dated April 19, 2005, 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, 2005.

Pursuant to Rule 436(c) of the Securities Act of 1933, our report is not a part of the registration statements prepared or certified by accountants within the meaning of section 7 or 11 of the Securities Act of 1933.

Very truly yours,

/s/Ernst & Young LLP

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 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 controls 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 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 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 6, 2005

/s/ JAMES M. GOWER
James M. Gower
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, James H. Welch, 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 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 controls 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 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 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 6, 2005

/s/ JAMES H. WELCH
James H. Welch
Vice President, Chief Financial Officer and Secretary

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 James H. Welch, 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, 2005, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, as amended; 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 of May 6, 2005.

/s/ JAMES M. GOWER	/s/ JAMES H. WELCH
James M. Gower	James H. Welch
Chief Executive Officer	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.