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# PHARMACYCLICS INC

## FORM 10-Q
(Quarterly Report)

Filed 11/08/11 for the Period Ending 09/30/11

| | |
|---|---|
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| SIC Code | 2834 - Pharmaceutical Preparations |
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**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 September 30, 2011**

**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: 000-26658**

# Pharmacyclics, Inc.

(Exact name of Registrant as specified in its charter)

| **Delaware** | **94-3148201** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(IRS Employer Identification Number)* |

**995 E. Arques Avenue**
**Sunnyvale, CA 94085-4521**
*(Address of principal executive offices including zip code)*

**(408) 774-0330**
*(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 reports), and (2) has been subject to such filing requirements for the past 90 days: Yes R No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T( 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes R No £

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

Large accelerated filer £ Accelerated filer **R** Non-accelerated filer £ Smaller reporting company £
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes £ No **R**

As of November 2, 2011 there were 68,700,360 shares of the registrant's Common Stock, par value $0.0001 per share, outstanding.

**PHARMACYCLICS , INC.**
**Form 10-Q**
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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PHARMACYCLICS, INC.**
**(a development stage enterprise)**
**CO NDENSED CONSOLIDATED BALANCE SHEETS**
**(unaudited; in thousands)**

| | September 30, 2011 | June 30, 2011 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 86,925 | $ 87,757 |
| Marketable securities | 18,324 | 24,572 |
| Accounts receivable | 37 | 54 |
| Prepaid expenses and other current assets | 2,621 | 2,313 |
| Total current assets | 107,907 | 114,696 |
| Property and equipment, net | 1,788 | 1,312 |
| Other assets | 344 | 344 |
| Total assets | $ 110,039 | $ 116,352 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 7,165 | $ 5,684 |
| Accrued liabilities | 1,344 | 1,584 |
| Deferred revenue | 7,000 | 7,000 |
| Total current liabilities | 15,509 | 14,268 |
| | | |
| Deferred rent | 480 | 410 |
| Total liabilities | 15,989 | 14,678 |
| | | |
| Commitments and contingencies (Note 6) | | |
| | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value; 1,000,000 shares authorized at September 30 and June 30, 2011; no shares issued and outstanding | - | - |
| Common stock, $0.0001 par value; 100,000,000 authorized at September 30 and June 30, 2011; shares issued and outstanding – 68,538,744 and 67,915,865 at September 30 and June 30, 2011 | 7 | 7 |
| Additional paid-in capital | 521,722 | 514,813 |
| Accumulated other comprehensive loss | (16) | (21) |
| Deficit accumulated during development stage | (427,663) | (413,125) |
| Total stockholders' equity | 94,050 | 101,674 |
| Total liabilities and stockholders' equity | $ 110,039 | $ 116,352 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PHARMACYCLICS , INC.**
**(a development stage enterprise)**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited; in thousands, except per share data)**

| | Three Months Ended September 30, | | Period from Inception (April 19, 1991) Through September 30, |
|---|---|---|---|
| | 2011 | 2010 | 2011 |
| Revenues: | | | |
| License and milestone revenues | $ 37 | $ 1,964 | $ 25,432 |
| Contract and grant revenues | - | - | 6,154 |
| Total revenues | 37 | 1,964 | 31,586 |
| Operating expenses: | | | |
| Research and development | 11,248 | 7,702 | 388,964 |
| General and administrative | 3,350 | 1,834 | 104,651 |
| Purchased in-process research and development | - | - | 6,647 |
| Total operating expenses | 14,598 | 9,536 | 500,262 |
| Loss from operations | (14,561) | (7,572) | (468,676) |
| Interest income | 35 | 49 | 43,229 |
| Interest expense and other income (expense), net | (12) | - | (2,216) |
| Net loss | $ (14,538) | $ (7,523) | $ (427,663) |
| | | | |
| Basic and diluted net loss per share | $ (0.21) | $ (0.13) | |
| Weighted average shares used to compute basic and diluted net loss per share | 68,323 | 59,278 | |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PHARMACYCLICS , INC.**
**(a development stage enterprise)**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited; in thousands)**

| | Three Months Ended September 30, | | Period From Inception (April 19, 1991) through September 30 |
|---|---|---|---|
| | 2011 | 2010 | 2011 |
| Cash flows from operating activities: | | | |
| Net loss | $ (14,538) | $ (7,523) | $ (427,663) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | 98 | 65 | 15,909 |
| Amortization of premium/discount on marketable securities, net | 63 | 236 | 1,332 |
| Amortization of debt discount | - | - | 570 |
| Gain on sale of marketable securities | - | - | 43 |
| Purchased in-process research and development | - | - | 4,500 |
| Share-based compensation expense | 2,164 | 2,172 | 28,988 |
| Common stock issued in exchange for services provided | - | - | 15 |
| Loss on property and equipment | 12 | - | 387 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 17 | 156 | (37) |
| Prepaid expenses and other assets | (677) | 26 | (2,945) |
| Accounts payable | 1,862 | 173 | 6,987 |
| Accrued liabilities | (240) | (66) | 1,344 |
| Deferred revenue | - | (1,933) | 7,000 |
| Deferred rent | 70 | (7) | 480 |
| Net cash used in operating activities | (11,169) | (6,701) | (363,090) |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | (384) | (110) | (14,124) |
| (Payments for) proceeds from disposal or sale of property and equipment | (12) | - | 111 |
| Purchase of marketable securities | - | (39,258) | (649,074) |
| Proceeds from sales of marketable securities | - | - | 114,839 |
| Proceeds from maturities of marketable securities | 6,190 | 8,230 | 514,520 |
| Net cash provided by (used in) investing activities | 5,794 | (31,138) | (33,728) |
| Cash flows from financing activities: | | | |
| Issuance of common stock, net of issuance costs | (571) | 3 | 435,621 |
| Exercise of stock options and stock purchase rights | 5,114 | 659 | 22,403 |
| Proceeds from related party notes payable | - | - | 6,400 |
| Proceeds from note payable | - | - | 3,000 |
| Issuance of convertible preferred stock, net of issuance costs | - | - | 20,514 |
| Payments under capital lease obligations | - | - | (3,881) |
| Repayment of notes payable | - | - | (314) |
| Net cash provided by financing activities | 4,543 | 662 | 483,743 |
| (Decrease)/Increase in cash and cash equivalents | (832) | (37,177) | 86,925 |
| Cash and cash equivalents at beginning of period | 87,757 | 51,199 | - |
| Cash and cash equivalents at end of period | $ 86,925 | $ 14,022 | $ 86,925 |
| Supplemental disclosure of non-cash investing and financing activities: | | | |
| Accounts payable for property and equipment purchases | $ 190 | $ - | $ 190 |
| Accrued stock issuance costs | - | - | 559 |
| Receivable for stock option exercises | - | - | 389 |
| Settlement of related party notes payable by issuance of common stock | - | - | 6,086 |
| Property and equipment acquired under capital lease obligations | - | - | 3,881 |
| Warrants issued | - | - | 49 |
| Conversion of notes payable and accrued interest into convertible preferred stock | - | - | 3,051 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PHARMACYCLICS , INC.**
**(a development stage enterprise)**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## Note 1 — The Company and Significant Accounting Policies

### *Description of the Company*

We are a clinical-stage biopharmaceutical company and operate in one reportable segment which is focused on discovering and developing innovative small-molecule drugs for the treatment of cancer and immune-mediated diseases. Our mission and goal is to build a viable biopharmaceutical company that commercializes novel therapies intended to improve quality of life, increase duration of life and resolve serious unmet medical healthcare needs. We identify promising product candidates using our scientific development expertise, develop our products in a rapid, cost-efficient manner and pursue commercialization and/or development partners when and where appropriate.

Presently, we have three product candidates in clinical development and several molecules in preclinical lead optimization. To date, nearly all of our resources have been dedicated to the research and development of our products, and we have not generated any commercial revenues from the sale of our products. We do not anticipate the generation of any product commercial revenues until we receive the necessary regulatory and marketing approvals to launch one of our products.

We have incurred significant operating losses since our inception in 1991, and as of September 30, 2011, had an accumulated deficit of $427,663,000. Based upon the current status of our product development and plans, we believe that our existing cash, cash equivalents and marketable securities will be adequate to satisfy our capital needs through at least the next twelve months. However, the process of developing and commercializing our products requires significant research and development, preclinical testing and clinical trials, manufacturing arrangements as well as regulatory and marketing approvals. These activities, together with our general and administrative expenses, are expected to result in significant operating losses until the commercialization of our products, or partner collaborations, generate sufficient revenues to cover our expenses. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial. Our achieving profitability depends upon our ability to successfully complete the development of our products, obtain required regulatory approvals and successfully manufacture and market our products.

### *Basis of Presentation*

The accompanying condensed consolidated financial statements include the accounts of Pharmacyclics, Inc. and our wholly-owned subsidiary, Pharmacyclics (Europe) Limited. There has been no significant financial activity to date related to the subsidiary. All intercompany accounts and transactions have been eliminated. The U.S. dollar is our functional currency for all of our consolidated operations.

The interim condensed consolidated financial statements have been prepared by us, without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair statement of our financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all normal and recurring adjustments necessary for a fair statement of results of operations, financial position and cash flows. These condensed consolidated financial statements should be read in conjunction with the financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our financial statements and the accompanying notes. Actual results could differ from those estimates.

**Note 2 - Basic and Diluted Net Loss Per Share**

Basic net loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of shares issuable upon the exercise of stock options (using the treasury stock method). Options to purchase 6,833,037 and 8,009,130 shares of common stock were outstanding at September 30, 2011 and 2010, respectively, but have been excluded from the computation of diluted net loss per share because their effect was anti-dilutive.

**Note 3 - Share-Based Compensation and Stockholders' Equity**

We grant options to purchase our common stock pursuant to our 2004 Equity Incentive Award Plan.

The components of share-based compensation recognized in our statements of operations for the three months ended September 30, 2011 and 2010 and since inception are as follows (in thousands):

| | Three Months Ended September 30, | | Period From Inception (April 19, 1991) Through September 30, |
|---|---|---|---|
| | 2011 | 2010 | 2011 |
| Research and development | $ 1,538 | $ 1,694 | $ 15,557 |
| General and administrative | 626 | 478 | 13,431 |
| Total share-based compensation | $ 2,164 | $ 2,172 | $ 28,988 |

The following table summarizes our stock option activity for the three months ended September 30, 2011 (in thousands):

| | Number of Shares | Weighted Average Exercise Price |
|---|---|---|
| Balance of June 30, 2011 | 6,416 | $ 4.78 |
| Options granted | 611 | 11.58 |
| Options exercised | (623) | 7.62 |
| Options forfeited | (192) | 11.49 |
| Balance at September 30, 2011 | 6,212 | 4.96 |

The accounting grant date for employee stock options with performance obligations is the date on which the performance goals have been defined and a mutual understanding of the terms has been reached. Generally options with performance obligations vest over a four year period, with the goals set and agreed upon each year. Therefore, the table above does not include 621,084 performance options granted in current and prior fiscal years for which the performance criteria had not been established as of September 30, 2011.

*Employee Stock Purchase Plan* . There were no sales under the Employee Stock Purchase Plan ("Purchase Plan") in the three month periods ended September 30, 2011 and 2010. Shares available for future purchase under the Purchase Plan were 136,530 at September 30, 2011.

*Common Stock and Additional Paid-In Capital.* Additional paid-in capital increased by $6,909,000 during the three months ended September 30, 2011 as a result of the issuance of common stock upon exercise of stock options of $4,745,000 and share-based compensation expense of $2,164,000.

**Note 4 - Comprehensive Loss**

Comprehensive loss includes net loss and unrealized gains (losses) on marketable securities that are excluded from the results of operations. Our comprehensive losses were as follows (in thousands):

| | Three Months Ended September 30, | |
|---|---|---|
| | 2011 | 2010 |
| Net loss | $ (14,538) | $ (7,523) |
| Change in net unrealized gains(losses) on available-for-sale securities | 5 | 7 |
| Comprehensive loss | $ (14,533) | $ (7,516) |

**Note 5 – Fair Value Measurements and Marketable Securities**

Our marketable securities are classified as “available-for-sale”. We include these investments in current assets and carry them at fair value. Unrealized gains and losses on available-for-sale securities are included in accumulated other income (loss). The amortized cost of debt securities is adjusted for the amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Gains and losses on securities sold are recorded based on the specific identification method and are included in interest expense and other income (expense), net in the statement of operations.

Management assesses whether declines in the fair value of marketable securities are other than temporary. If the decline is judged to be other than temporary, the cost basis of the individual security is written down to fair value and the amount of the write down is included in the statement of operations. In determining whether a decline is other than temporary, management considers various factors including the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value. To date we have not recorded any impairment charges on marketable securities related to other-than-temporary declines in market value.

The fair value of our financial assets and liabilities is determined by using three levels of input which are defined as follows:

*Level 1* - Quoted prices in active markets for identical assets or liabilities.

*Level 2* - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Our short-term investments primarily utilize broker quotes in markets with infrequent transactions for valuation of these securities.

*Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the market approach to measure fair value for our financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The following is a summary of our available-for-sale securities at September 30, 2011 and June 30, 2011 (in thousands):

| As of September 30, 2011 | Cost Basis | Unrealized Gain | Unrealized Loss | Estimated Fair Value |
|---|---|---|---|---|
| Money market funds | $ 33,226 | $ - | $ - | $ 33,226 |
| Government agency securities | 10,251 | 4 | - | 10,255 |
| US agency securities – FDIC insured | 8,089 | - | (20) | 8,069 |
| | 51,566 | 4 | (20) | 51,550 |
| Less cash equivalents | (33,226) | - | - | (33,226) |
| Total marketable securities | $ 18,340 | $ 4 | $ (20) | $ 18,324 |

| As of June 30, 2011 | Cost Basis | Unrealized Gain | Unrealized Loss | Estimated Fair Value |
|---|---|---|---|---|
| Money market funds | $ 26,979 | $ - | $ - | $ 26,979 |
| Government agency securities | 16,014 | 11 | - | 16,025 |
| US agency securities – FDIC insured | 8,579 | - | (32) | 8,547 |
| | 51,572 | 11 | (32) | 51,551 |
| Less cash equivalents | (26,979) | - | - | (26,979) |
| Total marketable securities | $ 24,593 | $ 11 | $ (32) | $ 24,572 |

At September 30, 2011, our marketable securities had the following remaining contractual maturities (in thousands):

| | Amortized Cost | Estimated Fair Value |
|---|---|---|
| Less than one year | $ 18,340 | $ 18,324 |

The following table sets forth the basis of fair value measurements for our available-for-sale securities as of September 30, 2011 and June 30, 2011 (in thousands):

| | Estimated Fair Value as of September 30, 2011 | Basis of Fair Value Measurements | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Money market funds | $ 33,226 | $ 33,226 | $ - | $ - |
| Government agency securities | 10,255 | - | 10,255 | - |
| US agency securities – FDIC Insured | 8,069 | - | 8,069 | - |
| Total cash equivalents and marketable securities | $ 51,550 | $ 33,226 | $ 18,324 | $ - |

| | Estimated Fair Value as of June 30, 2011 | Basis of Fair Value Measurements | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Money market funds | $ 26,979 | $ 26,979 | $ - | $ - |
| Government agency securities | 16,025 | - | 16,025 | - |
| US agency securities – FDIC Insured | 8,547 | - | 8,547 | - |
| Total cash equivalents and marketable securities | $ 51,551 | $ 26,979 | $ 24,572 | $ - |

**Note 6 – Agreements**

*Collaboration and License Agreement with Les Laboratoires Servier.* In April 2009, we entered into a collaboration and license agreement with Les Laboratoires Servier ("Servier") to research, develop and commercialize PCI-24781, an orally active, novel, small molecule inhibitor of pan-HDAC enzymes. Under the terms of the agreement, Servier acquired the exclusive right to develop and commercialize the pan-HDAC inhibitor product worldwide except for the United States and will pay a royalty to us on sales outside of the United States. Servier is solely responsible for conducting and paying for all development activities outside the United States. We will continue to own all rights within the United States.

In May 2009, we received an upfront payment from Servier of $11,000,000 ($10,450,000 net of withholding taxes) and we received an additional $4,000,000 for research collaboration paid over a twenty-four month period through April 2011. The revenue related to these payments was recognized over the two-year research period, which ended in April 2011. Total revenue recognized in the three months ended September 30, 2010 was $1,964,000.

We also received a $7,000,000 advance development milestone payment in April 2011 and we could receive additional payments up to approximately $17,500,000 upon the achievement of certain future development and regulatory milestones, as well as royalty payments. The $7,000,000 advance development milestone payment was recorded as deferred revenue at September 30, 2011. In October 2011 the related milestone was reached and the Company expects to record the $7,000,000 as revenue in its quarter ending December 31, 2011.

*Celera Corporation.* In April 2006, we acquired multiple small molecule drug candidates for the treatment of cancer and other diseases from Celera Genomics, an Applera Corporation (now Celera Corporation – a subsidiary of Quest Diagnostics Incorporated). Future milestone payments under the agreement, as amended, could total as much as $97 million, although we currently cannot predict if or when any of the milestones will be achieved. Approximately two-thirds of the milestone payments relate to our HDAC Inhibitor program and approximately one-third relates to our Factor VIIa program. Approximately 90% of the potential future milestone payments would be paid to Celera after obtaining regulatory approval in various countries. There are no milestone payments related to our Btk program. In addition to the milestone payments, Celera will be entitled to royalty payments based on annual sales of drugs commercialized from our HDAC Inhibitor, Factor VIIa and certain Btk Inhibitor programs.

**Note 7 – Income Taxes**

We may from time to time be assessed interest or penalties by major tax jurisdictions, although there have been no such assessments historically. In the event we receive an assessment for interest and/or penalties, it would be classified in the financial statements as income tax expense. Currently, all tax years in major jurisdictions remain open due to the taxing authorities' ability to adjust operating loss carry forwards. Our ability to utilize these carry forwards may be limited under certain circumstances, such as a cumulative stock ownership change of greater than 50%, as defined, over a three year period. We continuously evaluate our estimates of the amount of net operating loss and tax credit carry forwards that we expect to be able to utilize in the future.

**Note 8 – Related Party Transaction**

During the three months ended September 30, 2011 we paid Dr. Gwen Fyfe, a member of our Board of Directors, approximately $89,000 for consulting services under a Consulting Agreement entered into prior to Dr. Fyfe joining our Board in December 2010. In November 2011, we entered into an amendment (the "Amendment") to our Consulting Agreement with Dr. Fyfe. The Amendment provides that Dr. Fyfe will receive a lump sum of $50,000 and that she will continue to provide limited consulting services to us for a period of two years. In addition, the options to purchase 330,000 shares of our common stock previously granted to Dr. Fyfe in connection with her consulting services will continue to vest through November 30, 2011 and all such vested options shall remain exercisable for a period of two years following the date of the Amendment. Options granted to Dr. Fyfe upon her initial election to the Board shall continue to vest up to our upcoming Annual Meeting of Stockholders and all such vested options and all additional options received by Dr. Fyfe in connection with her Board service shall be exercisable for a period of three years following our upcoming Annual Meeting of Stockholders.

**Note 9 – Recent Accounting Pronouncements**

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income, which eliminates the presentation options currently in Accounting Standards Codification ("ASC") Topic 220 and requires the presentation of other comprehensive income in either a continuous statement of comprehensive income or in two separate but consecutive statements. ASU No. 2011-05 is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2011 and requires retrospective application. As this accounting standard only requires enhanced disclosure, the adoption of this standard will not impact our financial position or results of operations.

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

*You should read the following discussion and analysis of our financial condition and results of operations together with our interim financial statements and the related notes appearing at the beginning of this report. The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended June 30, 2011 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 13, 2011.*

*The following discussion contains forward-looking statements that involve risks and uncertainties. These statements relate to future events, such as our future clinical and product development, financial performance and regulatory review of our product candidates. Our actual results could differ materially from any future performance suggested in this report as a result of various factors, including those discussed elsewhere in this report, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011 and in our other Securities and Exchange Commission reports and filings. All forward-looking statements are based on information currently available to Pharmacyclics; and we assume no obligation to update such forward-looking statements. Stockholders are cautioned not to place undue reliance on such statements.*

### *Company Overview*

We are a clinical-stage biopharmaceutical company focused on discovering and developing innovative small-molecule drugs for the treatment of cancer and immune-mediated diseases. Our mission and goal is to build a viable biopharmaceutical company that commercializes novel therapies intended to improve quality of life, increase duration of life and resolve serious unmet medical healthcare needs. We identify promising product candidates using our scientific development expertise, develop our products in a rapid, cost-efficient manner and pursue commercialization and/or development partners when and where appropriate.

Presently, we have three product candidates in clinical development and several molecules in preclinical lead optimization. To date, nearly all of our resources have been dedicated to the research and development of our products, and we have not generated any commercial revenues from the sale of our products. We do not anticipate the generation of any product commercial revenues until we receive the necessary regulatory and marketing approvals to launch one of our products.

We have incurred significant operating losses since our inception in 1991, and as of September 30, 2011, had an accumulated deficit of $427,663,000. The process of developing and commercializing our products requires significant research and development, preclinical testing, clinical trials and manufacturing arrangements as well as regulatory and marketing approvals. These activities, together with our general and administrative expenses, are expected to result in significant operating losses until the commercialization of our products, or partner collaborations, generate sufficient revenues to cover our expenses. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial. Achieving profitability depends upon our ability to successfully complete the development of our products, obtain required regulatory approvals and successfully commercialize our products.

### Bruton's Tyrosine Kinase (Btk) Inhibitor for Oncology

PCI-32765 is an orally active small molecule inhibitor of Bruton's tyrosine kinase (Btk) that we are developing for the treatment of patients with B-cell lymphoma or leukemia. B-cell maturation is mediated by B-cell receptor (BCR) signal transduction and Btk is an essential part of the BCR signaling pathway. Recently, Btk has been demonstrated to affect a number of vital growth and survival processes in cancerous B-cells.

As reported at the ASCO annual meeting in June 2011, in a Phase IB/II trial in patients with chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma (SLL), single agent PCI-32765 has been well-tolerated and had considerable activity in patients with either relapsed/ refractory or treatment-naïve disease. Discontinuation of treatment for adverse events was uncommon; diarrhea, nausea/ vomiting, and dyspepsia were the most frequently reported events and were typically of modest severity. As previously reported, a typical pattern of response occurred in the CLL patients, characterized by rapid reduction of lymph node size and a transient rise in circulating CLL cells (lymphocytosis), followed by resolution of lymphocytosis, a process that occurred more rapidly in treatment-naïve versus relapsed/ refractory patients. At a median follow-up of 6.3 months, 67% of patients with treatment-naïve disease had achieved an overall response by standard criteria, with an additional 19% of patients achieving a nodal response. At a median follow-up of 7.8 months in the cohort of relapsed/ refractory patients treated with 420mg qD, the rate of overall objective response was 48% with an additional 41% of patients having achieved a nodal response. The initial response assessment at 2 months in patients with relapsed/ refractory disease appeared similar between the 420mg qD and 840mg qD doses. Additionally, achieving response appeared to be independent of poor-risk features, such as del (17p), del (11q), and lack of mutation in the immunoglobulin heavy chain variable region gene. Through June 30, 2011, only three patients had experienced disease progression on study.

In August 2011, we entered into a five-year Cooperative Research and Development Agreement with the National Cancer Institute (NCI) to collaborate on the development of PCI-32765. Under the Agreement, the NCI's Division of Cancer Treatment and Diagnosis plans to sponsor Phase I and Phase II trials of PCI-32765 in various hematologic malignancies.

We have initiated a Phase II program that will enable potential registrational paths in CLL, MCL, and diffuse large B-cell lymphoma (DLBCL). We anticipate that this Phase II program should allow for Phase III enabling decisions in these indications based upon ongoing analysis of the data. The ongoing Phase II program currently includes the following studies:

- PCYC-1104: A multicenter, phase II study of PCI-32765 in relapsed or refractory mantle cell lymphoma, including cohorts of subjects either previously treated with bortezomib or naïve to bortezomib treatment. This trial is activated in several US and EU sites and is currently enrolling patients.

- PCYC-1106: A multicenter, open-label, Phase II study of PCI 32765 in subjects with relapsed or refractory DLBCL. This study is designed to assess the activity of PCI-32765 in two genetically distinct subtypes of DLBCL, the activated B-cell (ABC) subtype and the germinal center (GC) subtype. This trial is activated in several US sites and is currently enrolling patients.

- PCYC-1108: A Phase IB, multicenter, open-label, study of PCI-32765, in combination with intensive immune chemotherapy (FCR or BR)* in subjects with CLL or SLL lymphoma. This trial is activated in several US sites and is currently enrolling patients. *(FCR = fludarabine, cyclophosphamide and rituximab; BR = bendamustine and rituximab)

- PCYC-1109: A phase IB/II study of PCI-32765 and ofatumumab in subjects with relapsed or refractory CLL or SLL. This is a single site trial and is currently enrolling patients.

**Factor VIIa Inhibitor**

PCI-27483 is a potent and selective first-in-human small molecule inhibitor of coagulation (clotting) Factor VIIa. PCI-27483 suppresses the active form of Factor VII (FVIIa) that arises from interaction with the cell surface membrane protein known as tissue factor (TF). The FVIIa: TF complex is found at elevated levels in cancers of the pancreas, stomach, colon and lung. The activity of this complex triggers a host of patho-physiologic processes that facilitate tumor blood vessel formation (angiogenesis), growth and metastases. In pancreatic cancer patients, elevated levels of the FVIIa: TF complex correlates with an increased propensity to develop thromboses, also known as blood clots. Studies in laboratory animals indicate that PCI-27483 inhibits the growth of tumors that express TF.

We have completed Phase I testing of Factor VIIa Inhibitor PCI-27483 in healthy volunteers. In this study, PCI-27483 caused no adverse events, and we were able to establish the International Normalized Ratio (INR) as a pharmacodynamic marker for evaluation in clinical trials.

A multicenter Phase I/II of PCI-27483 in patients with locally advanced or metastatic pancreatic cancer that are either receiving or are planned to receive gemcitabine therapy is currently ongoing. The Phase I portion of the study, which evaluated safety and established the Phase II dose of PCI-27483, has completed enrollment and interim results were reported at the 2011 GI Cancers Symposium on January 21, 2011. The Phase II portion of the study is enrolling and patients are being randomized to receive either gemcitabine alone or gemcitabine plus PCI-27483 (1.2 mg/kg twice daily). The objectives of this phase of the study are to: a) assess the safety of Pharmacyclics FVIIa Inhibitor PCI-27483 at pharmacologically active dose levels; b) to assess potential inhibition of tumor progression and c) obtain initial information of the effects on the incidence of thromboembolic events.

**Histone Deacetylase (HDAC) Inhibitor**

PCI-24781 is an orally-bioavailable histone deacetylase inhibitor that is currently in multiple clinical trials. Histone deacetylases are cellular enzymes whose functions include turning gene expression off and on. PCI-24781 targets histone deacetylase (HDAC) enzymes and inhibits their function. We have shown that PCI-24781 impacts the tumor cells by multiple mechanisms including a re-expression of tumor suppressor genes, disruption of DNA repair mechanisms, cell cycle inhibition and the generation of reactive oxygen species. Previous clinical trials have demonstrated that our HDAC Inhibitor PCI-24781 has favorable systemic elimination properties when dosed orally, and inhibits the target enzymes.

We are currently conducting a Phase I trial in patients with advanced solid tumors, a Phase I/II trial in sarcoma patients (in combination with doxorubicin, an anti tumor agent) and a Phase I/II trial testing PCI-24781 in patients with relapsed or refractory Non-Hodgkin's lymphoma. Currently we are enrolling patients in the Phase II portion of this trial in patients with follicular lymphoma.

The HDAC Inhibitor PCI-24781 has been studied in over 100 patients treated in clinical trials thus far. The main dose-limiting toxicity observed has been a rapidly reversible thrombocytopenia (a decrease in platelets, which are blood cells necessary for clotting). This effect is common among HDAC inhibitors and is considered a class effect (i.e. related to the pharmacologic mechanism of action). The duration and severity of the thrombocytopenia has been managed using novel dose scheduling strategies that we have developed and tested in the clinic.

We are subject to risks common to pharmaceutical companies developing products, including risks inherent in our research, development and commercialization efforts, preclinical testing, clinical trials, uncertainty of regulatory and marketing approvals, uncertainty of market acceptance of our products, history of and expectation of future operating losses, reliance on collaborative partners, enforcement of patent and proprietary rights, and the need for future capital. In order for a product to be commercialized, we must conduct preclinical tests and clinical trials, demonstrate efficacy and safety of our product candidates to the satisfaction of regulatory authorities, obtain marketing approval, enter into manufacturing, distribution and marketing arrangements, build a U.S. commercial capability, obtain market acceptance and, in many cases, obtain adequate coverage of and reimbursement for our products from government and private insurers. We cannot provide assurance that we will generate revenues or achieve and sustain profitability in the future.

**Results of Operations**

*Revenue*

| | Three Months Ended September 30, (in thousands) | |
|---|---|---|
| | 2011 | 2010 |
| License and milestone revenue | $ 37 | $ 1,964 |

In May 2009, we received an upfront payment of $11,000,000 ($10,450,000 net of withholding taxes) from Servier and we received an additional $4,000,000 for research collaboration paid over a twenty-four month period through April 2011. The revenue related to these payments was recognized over the two-year research period, which ended in April 2011. Total revenue related to the Servier agreement recognized in the three months ended September 30, 2010 was $1,964,000. We also received a $7,000,000 advance development milestone payment in April 2011 which was recorded as deferred revenue at September 30, 2011. In October 2011 the related milestone was reached and the Company expects to record the $7,000,000 as revenue in its quarter ending December 31, 2011.

*Research and Development*

| | Three Months Ended September 30, (in thousands) | | Percent |
|---|---|---|---|
| | 2011 | 2010 | Change |
| Research and development | $ 11,248 | $ 7,702 | 46.0% |

The increase in research and development costs of $3,546,000 in the three months ended September 30, 2011 compared with the three months ended September 30, 2010 is primarily due to a $1,811,000 increase in third party clinical trial costs, a $734,000 increase in payroll and related expenses and a $581,000 increase in consulting and other outside services. Average research and development headcount increased from 49 in the 2010 quarter to 73 in the 2011 quarter. We expect the growth in research and development spending to continue through the end of fiscal 2012.

Research and development costs are identified as either directly attributed to one of our research and development programs or as an indirect cost, with only direct costs being tracked by specific program. Direct costs consist of personnel costs directly associated with a program, preclinical study costs, clinical trial costs, and related clinical drug and device development and manufacturing costs, drug formulation costs, contract services and other research expenditures. Indirect costs consist of personnel costs not directly associated with a program, overhead and facility costs and other support service expenses. The following table summarizes our principal product development initiatives, including the related stages of development for each product, the direct costs attributable to each product and total indirect costs for each respective period. For a discussion of the risks and uncertainties associated with the timing and cost of completing a product development phase, see the Risk Factors discussed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

Direct costs by program and indirect costs are as follows (in thousands):

| Program | Description | Phase of Development | Related R&D Expenses Three Months Ended September 30, 2011 | 2010 |
|---|---|---|---|---|
| Btk Inhibitors | Cancer/autoimmune | Phase II | $ 7,212 | $ 3,980 |
| HDAC Inhibitors | Cancer/autoimmune | Phase I/II | 305 | 661 |
| Factor VIIa Inhibitor | Cancer | Phase II | 611 | 740 |
| MGd | Cancer | Phase II | 8 | 9 |
| Total direct costs | | | 8,136 | 5,390 |
| Indirect costs | | | 3,112 | 2,312 |
| Total research and development expenses | | | $ 11,248 | $ 7,702 |

*General and Administrative*

| | Three Months Ended September 30, (in thousands) 2011 | 2010 | Percent Change |
|---|---|---|---|
| General and administrative expenses | $ 3,350 | $ 1,834 | 82.7% |

The increase in general and administrative costs of $1,516,000 in the three months ended September 30, 2011 compared with the three months ended September 30, 2010 is primarily due to a $714,000 increase in patent and legal costs, a $267,000 increase in payroll and related expenses, a $187,000 increase in consulting and other outside services, a $148,000 increase in share-based compensation and other increases associated with supporting the growth of our programs. Average general and administrative headcount increased from 10 in the 2010 quarter to 13 in the 2011 quarter.

*Interest Income and Other Expense*

| | Three Months Ended September 30, (in thousands) | | Percent Change |
|---|---|---|---|
| | 2011 | 2010 | |
| Interest income | $ 35 | $ 49 | |
| Other expense | (12) | - | |
| Interest income and other expense, net | $ 23 | $ 49 | (53.1%) |

The decrease in interest income and other expense, net in the three months ended September 30, 2011 compared with the three months ended September 30, 2010 is due to lower interest income on lower average invested balances and costs related to the disposal of equipment.

**Liquidity and Capital Resources**

Our principal sources of working capital have been private and public equity financings as well as proceeds from collaborative research and development agreements and interest income.

As of September 30, 2011, we had $105,249,000 in cash, cash equivalents and marketable securities. Net cash used in operating activities was $11,169,000 during the three months ended September 30, 2011; an increase of $4,468,000 from the $6,701,000 used during the three months ended September 30, 2010. The increase resulted primarily from a higher net loss which was partially offset by higher growth in accounts payable and a lack of change in deferred revenue in the 2011 period.

Net cash provided by investing activities of $5,794,000 and used in investing activities of $31,138,000 in the three months ended September 30, 2011 and 2010, respectively, consisted primarily of the net effect of purchases and maturities of marketable securities.

Net cash provided by financing activities of $4,543,000 and $662,000 for the three months ended September 30, 2011 and 2010, respectively resulted primarily from the exercise of stock options. Additionally, the 2011 cash flows include the payment of $571,000 of offering costs incurred in connection with our sale of shares in a registered direct offering in June 2011.

In April 2006, we acquired multiple small molecule drug candidates for the treatment of cancer and other diseases from Celera Genomics, an Applera Corporation business (now Celera Corporation – a subsidiary of Quest Diagnostics Incorporated). Future milestone payments under the agreement, as amended, could total as much as $97 million, although we currently cannot predict if or when any of the milestones will be achieved. Approximately two-thirds of the milestone payments relate to our HDAC Inhibitor program and approximately one-third relates to our Factor VIIa program. Approximately 90% of the potential future milestone payments would be paid to Celera after obtaining regulatory approval in various countries. There are no milestone payments related to our Btk program. In addition to the milestone payments, Celera will be entitled to royalty payments based on annual sales of drugs commercialized from our HDAC Inhibitor, Factor VIIa and certain Btk Inhibitor programs.

Based upon the current status of our product development plans, we believe that our existing cash, cash equivalents and marketable securities will be adequate to satisfy our capital needs through at least the next twelve months. We expect research and development expenses, as a result of on-going and future clinical trials, to consume a large portion of our existing cash resources. Changes in our research and development plans or other changes affecting our operating expenses may affect actual future consumption of existing cash resources as well. In any event, due to our extensive drug programs we will need to raise substantial additional capital to fund our operations in the future. We may seek partnership collaborations to help fund the development of our product candidates. We also expect to raise additional funds through the public or private sale of securities, bank debt, partnership collaboration or otherwise. If we are unable to secure additional funds, whether through partnership collaborations or sale of our securities, we will have to delay, reduce the scope of or discontinue one or more of our product development programs. Our actual capital requirements will depend on many factors, including the following:

- progress with preclinical studies and clinical trials;
- the time and costs involved in obtaining regulatory approval;
- continued progress of our research and development programs;
- our ability to establish and maintain collaborative arrangements with third parties;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- the amount and timing of capital equipment purchases; and
- competing technological and market developments.

Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. The factors described above will impact our future capital requirements and the adequacy of our available funds. If we are required to raise additional funds, we cannot be certain that such additional funding will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be highly dilutive, or otherwise disadvantageous, to existing stockholders and debt financing, if available, may involve restrictive covenants. Collaborative arrangements, if necessary to raise additional funds, may require us to relinquish rights to certain of our technologies, products or marketing territories. Our failure to raise capital when needed and on acceptable terms, would require us to reduce our operating expenses and would limit our ability to respond to competitive pressures or unanticipated requirements to develop our product candidates and to continue operations, any of which would have a material adverse effect on our business, financial condition and results of operations.

**Off-Balance Sheet Arrangements**

None

**Critical Accounting Policies, Estimates and Judgments**

There have been no material changes in our critical accounting policies, estimates and judgments during the three months ended September 30, 2011, compared with the disclosures in Part II, Item 7 of our Annual Report on Form 10-K for the year ended June 30, 2011.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There was no significant change in our exposure to market risk since June 30, 2011.

**Item 4. Controls and Procedures**

(a) *Evaluation of disclosure controls and procedures:* As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the first fiscal quarter of 2012, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and our Vice President, Finance and Administration. Based upon that evaluation, our Chief Executive Officer and our Vice President, Finance and Administration have concluded that our disclosure controls and procedures are adequate and effective to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Vice President, Finance and Administration, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in internal controls over financial reporting* : There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

**PART II. OTHER INFORMATION**

**It em 1. Legal Proceedings**

Not Applicable.

**Item 1A. Risk Factors**

There have been no material changes in the risk factors previously disclosed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Not Applicable.

**Item 3. Defaults Upon Senior Securities**

Not Applicable.

**Item 4. (Removed and Reserved)**

**Item 5. Other Information**

On November 7, 2011, we entered into an amendment (the "Amendment") to our Consulting Agreement with Dr. Gwen Fyfe, a member of our Board. The Amendment provides that Dr. Fyfe will receive a lump sum of $50,000 and that she will continue to provide limited consulting services to us for a period of two years. In addition, all options previously granted to Dr. Fyfe in connection with her consulting services will continue to vest through November 30, 2011 and all such vested options shall remain exercisable for a period of two years following the date of the Amendment. In addition all options granted to Dr. Fyfe upon her initial election to the Board shall continue to vest up to our upcoming Annual Meeting of Stockholders and all such vested options and all additional options received by Dr. Fyfe in connection with her Board service shall be exercisable for a period of three years following our upcoming Annual Meeting of Stockholders.

The foregoing is only a brief description of the material terms of the Agreements, does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the form of Amendment that is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q and incorporated by reference herein.

**Item 6. Exhibits**

10.1 Consulting Services Agreement, by and between Gwendolyn Fyfe, M.D. and Pharmacyclics, Inc., effective May 10, 2010.

10.2 Amendment to Consulting Services Agreement by and between Gwendolyn Fyfe, M.D. and Pharmacyclics, Inc., dated November 8, 2011.

31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO.

31.2 Rule 13a-14(a)/15d-14(a) Certification of VP Finance & Administration.

32.1 Section 1350 Certifications of CEO and VP Finance & Administration.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

## Signatures

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

**Pharmacyclics, Inc.**

*(Registrant)*

Dated: November 8, 2011

By: /s/ RO B ERT W. DUGGAN
Robert W. Duggan
*Chairman of the Board and Chief Executive Officer*

Dated: November 8, 2011

By: /s/ RAINER M. ER D TMANN
Rainer M. Erdtmann
*Vice President, Finance & Administration and Secretary*
*(Principal Financial and Accounting Officer)*

## EXHIBITS INDEX

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| 101.INS | XBRL Instance Document |
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Exhibit 10.1

**Confidential**

# CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (the " Agreement ") is effective May 10, 2010 (the " Effective Date "), by and between:

| | | |
|---|---|---|
| **GWENDOLYN FYFE, M.D.**<br><br>an Individual<br>(hereinafter " Consultant ") | *AND* | **PHARMACYCLICS, INC.**<br>995 East Arques Avenue<br>Sunnyvale, CA 94085-4521<br><br>a Delaware corporation,<br>(hereinafter " Pharmacyclics "). |

Consultant and Pharmacyclics hereby agree as follows:

1. This Agreement relates to Consultant providing services as a consultant to Pharmacyclics with the title of Special Advisor to the Chief Executive Officer of Pharmacyclics. In such consulting role, Consultant shall provide such professional services specifically agreed upon by Consultant and the Chief Executive Officer.

2. Pharmacyclics will retain Consultant commencing as of the Effective Date and continuing until such time as either party elects to terminate this Agreement as provided in Section 15 below, or the parties mutually agree that Consultant shall become an employee of Pharmacyclics. Within five (5) business days following expiration or termination of this Agreement (other than due to Consultant becoming an employee of Pharmacyclics), Consultant will promptly return to Pharmacyclics any equipment provided by Pharmacyclics to Consultant for performing services under this Agreement, including but not limited to, the building access key.

3. For Consultant's services and all other obligations assumed by Consultant hereunder, Pharmacyclics agrees to pay and Consultant agrees to accept compensation at the rate of Twenty-Five Thousand Dollars ($25,000.00) per month for twenty (20) hours per week, for the time actually spent by Consultant in performing services or in business travel as requested by Pharmacyclics pursuant to this Agreement, provided that on a quarterly basis, Pharmacyclics shall pay Consultant an additional fee of $312.50 for each hour performed by Consultant in excess of 240 hours in the immediately preceding calendar quarter based on the itemized statement as provided at the end of this Section 3. Pharmacyclics will provide Consultant, on an as needed basis, with appropriate on site space and furnish the necessary equipment for Consultant to perform her services for Pharmacyclics. Pharmacyclics will also reimburse Consultant for reasonable, documented, authorized travel and out-of-pocket expenses. Original receipts for expenses above Twenty-Five Dollars ($25.00) incurred in performing services under this Agreement will be submitted to Pharmacyclics by Consultant. Travel will be in accordance with Pharmacyclics' Travel Policy (copy provided upon request) except as otherwise approved by the Chief Executive Officer. In addition the parties agree to an option agreement which currently is presented to the Compensation Committee for approval. The maximum compensation payable, excluding travel and other expenses, under this Agreement for services performed by Consultant over the duration of this Agreement and pursuant to this Agreement is Twenty-Five Thousand ($25,000) per month, plus additional compensation at the rate of $312.50 per hour in excess of 240 hours per quarter as invoiced by Consultant to the Company. At the end of each calendar month in which Consultant has rendered services requested by Pharmacyclics under this Agreement, Consultant will submit an itemized statement of time and expenses devoted to such services.

   In order for Consultant to perform those services as noted in Paragraph 1 above, Pharmacyclics will provide Consultant with a laptop computer, Serial No. LR-AFY37 , appropriate software and a Pharmacyclics email account. Pharmacyclics' IT Department shall provide consultant with a secure method for electronic communication with Pharmacyclics to enable Consultant to electronically transfer data required to provide services under this Agreement.

Consultant agrees to the following:

- the laptop and software provided by Pharmacyclics will be exclusively used by Consultant solely for the performance of those services as noted in Paragraph 1 above;

- laptop being provided is installed with the appropriate software, any installation of additional software will be performed by Pharmacyclics' employees at its principal place of business;

- programs shall not be modified as to their set-up or configuration by Consultant in any way;

- use of these programs shall continue as long as the Consultant is employed by Pharmacyclics; and

- no person other than Consultant shall or have knowledge of any user names or passwords used to access the Pharmacyclics network, nor shall Consultant share access to the VPN software with any other users."

4. Prior to the Effective Date, Consultant provided consulting services to Pharmacyclics from April 10, 2010 through May 10, 2010. All term of this Agreement apply for that period as well. Pharmacyclics and Consultant agreed that Pharmacyclics would compensate Consultant for such service at the rate of Four Hundred and Fifty Dollars ($450.00) per hour for actual time spent by Consultant in providing services. In addition, Pharmacyclics agrees to pay Consultant for travel and other expenses. Original receipts for expenses above Twenty-Five Dollars ($25.00) incurred in performing services under this Agreement will be submitted to Pharmacyclics by Consultant. In addition, Pharmacyclics shall reimburse Consultant for the actual tax and other professional fees payable by Consultant in connection with the preparation of this Agreement in an amount not to exceed $800.

5. It will be Consultant's sole obligation to report all compensation for services received by Consultant from Pharmacyclics to the appropriate federal, state and local tax authorities as where applicable. To the extent required by applicable federal, state and local laws or regulations, Pharmacyclics will also report and/or withhold from, payments made to Consultant under this Agreement. Please provide the taxpayer identification number for Consultant in the space provided below.

   Upon request, Consultant agrees to provide Pharmacyclics supporting documentation of all employment taxes due with respect to the compensation payable to Consultant hereunder. If it is later determined that compensation payable hereunder is "employee wages" subject to payroll and employment taxes, the amount of compensation owed hereunder shall be reduced by an amount equal to the payroll and employment taxes which Pharmacyclics is required to pay with respect to such compensation. In addition, in the event that a later determination that such payment is "employee wages" would entitle Consultant or its agents to participate in any benefit plan maintained by Pharmacyclics, Consultant hereby elects not to participate in any such benefit plan.

6. Pharmacyclics' liaison for the direction of Consultant's services will be Robert W. Duggan, Chairman and CEO or such other person as Pharmacyclics may later designate. All communications, reports and itemized statements should be directed to such individual at Pharmacyclics, Inc., 995 East Arques Avenue, Sunnyvale, California 94085-4521.

7. In order to facilitate Consultant's services under this Agreement, it may be necessary for Pharmacyclics to disclose certain data and other proprietary or confidential information to Consultant (including without limitation proprietary or confidential information of third parties disclosed to Pharmacyclics by third parties), and/or to provide Consultant with samples, which, together with any information generated by Consultant in performing Consultant's services for Pharmacyclics hereunder (collectively, " Proprietary Information "), Consultant agrees to retain in strict confidence and not to disclose or transfer to any party other than as authorized in writing by Pharmacyclics. Consultant further agrees not to use any Proprietary Information for any purposes other than those of this Agreement. Consultant represents and warrants that all of its employees, contractors and agents that will have access to any Proprietary Information are subject to written obligations of confidentiality and non-use with respect to such Proprietary Information at least as restrictive as those set forth herein. Upon completion of Consultant's services hereunder, Consultant will return all tangible forms of Proprietary Information in its possession to Pharmacyclics, unless directed otherwise by Pharmacyclics. These obligations of confidentiality and non-use will survive the expiration or termination of this Agreement, but will not apply to any information that:

(a) was previously known to Consultant from a source other than Pharmacyclics as evidenced by Consultant's written records,

(b) is lawfully obtained by Consultant from a source independent of Pharmacyclics, without breach of an obligation of confidentiality, or

(c) is now or becomes public knowledge other than by breach of this Agreement.

Nothing in this Section shall prevent Consultant from disclosing Proprietary Information that is required by legal process to be disclosed by order of a court, government agency or the like having competent jurisdiction, provided that Consultant first notifies Pharmacyclics in writing, discloses only such portion of the Proprietary Information as is required to be so disclosed and cooperates with Pharmacyclics in seeking protective order(s) or injunctive relief to protect the confidentiality of such Proprietary Information.

8. Consultant's confidentiality, non-use and other obligations under this Agreement will survive for ten (10) years following any expiration or termination of this Agreement.

9. Consultant understands and acknowledges that the United States securities laws prohibit any person who has material non-public ("inside") information about a company from purchasing or selling securities of such company, and prohibits communicating such information to any other person under circumstances where it is reasonably foreseeable that such person is likely to purchase or sell securities of such company. Consultant further acknowledges that Pharmacyclics' Proprietary Information can constitute such material non-public information.

10. Any and all information, data, results, materials, writings, documentation, processes, templates, surveys, forms, inventions and discoveries, whether or not patentable or copyrightable, made by or on behalf of Consultant individually or in conjunction with others, as a result of services rendered under this Agreement, and all intellectual property rights therein and thereto (collectively, " Intellectual Property ") will be the sole and absolute property of Pharmacyclics, and Consultant hereby assigns all right, title, and interest in and to the Intellectual Property to Pharmacyclics. Without limiting the generality of the foregoing, Pharmacyclics will have the unrestricted right to use, reproduce, modify, distribute, display and make derivative works of all writings, documents and results generated under or otherwise resulting from this Agreement, whether in written, graphic, electronic or other media. Consultant will promptly disclose to Pharmacyclics any and all Intellectual Property. At Pharmacyclics' request, and without further compensation, Consultant will undertake all further actions required to perfect Pharmacyclics' title to, and enjoyment of, the Intellectual Property, at Pharmacyclics' expense.

11. Consultant agrees not to publish or otherwise disclose information, data, results, etc. that they received or developed pursuant to this Agreement regardless of whether the information, data, results, etc. constitute as Pharmacyclics' Proprietary Information.

12. Consultant represents and warrants that (a) this Agreement does not conflict with Consultant's duties and obligations under any other agreement to which Consultant is a party; (b) Consultant is free to provide any and all information and materials that Consultant will furnish to Pharmacyclics in connection with its services; (c) Consultant has not been "debarred" by the United States Food and Drug Administration (" FDA "), nor have debarment proceedings been commenced against Consultant, nor will Consultant use in any capacity the services of any person debarred by FDA in performing under this Agreement; (d) Consultant's performance under this Agreement will conform with all applicable industry standards and federal, state and local laws, rules and regulations; and (e) all employees, agents and contractors of Consultant that perform any services under this Agreement are under a written obligation to assign any and all right, title and interest in any Intellectual Property to Consultant. Consultant will promptly inform Pharmacyclics in writing should any conflict or possible conflict of duties and obligations arise, or of any debarment, or the commencement of any debarment or like proceedings against Consultant during the term of this Agreement.

13. Consultant's status with Pharmacyclics will be, at all times during the term of this Agreement, that of an independent contractor. Consultant is not a Pharmacyclics employee and is not entitled to participate in any of Pharmacyclics' benefits or insurance programs (including, but not limited to, stock options, paid holidays, paid time off, retirement plans, health, worker's compensation and unemployment insurance). Consultant will, to the extent applicable, maintain worker's compensation insurance covering Consultant and/or Consultant's employees providing services hereunder, and upon request, provide a certificate of such insurance coverage to Pharmacyclics.

14. Nothing in this Agreement will be construed to give Consultant the power or authority to act or make representations for, or on behalf of, or to bind or commit Pharmacyclics. Accordingly, Consultant agrees not to use or refer to the name of Pharmacyclics, particularly in connection with or suggesting the endorsement of any products or services, in any public statements, promotion or advertising, whether verbal or written, including, but not limited to shareholder reports, prospectuses, communications with stock market analysts, press releases or other communications with the media, without Pharmacyclics' written permission, which written permission will not be unreasonably withheld.

15. Either party may terminate this Agreement by thirty (30) days written notice. In the event of such termination, Pharmacyclics will pay Consultant for an additional 30 days of service and any outstanding amounts due for services satisfactorily performed, and will reimburse Consultant for all actual, documented out-of-pocket costs reasonably incurred by Consultant prior to such termination. Consultant's consulting services shall be deemed to end 90 days after notice after such written notice but shall not require further cash payments except as provided above in this Section 15.

16. This Agreement is personal to Consultant and may not be assigned transferred or subcontracted without Pharmacyclics' written consent.

    Pharmacyclics may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of Consultant when such assignment is to a successor-in-interest to substantially all of the business assets of such party to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction. Any permitted successor or assignee of rights and/or obligation hereunder will, in a writing to the other party, expressly assume performance of such rights and/or obligations.

Any assignment or attempted assignment by either party in violation of the terms of this Section will be null and void and of no legal effect. This Agreement will be binding upon and will inure to the benefit of each party's successors-in-interest and permitted assigns.

17. The parties agree that the existence of this Agreement and the contents shall not be disclosed by either party without the prior written consent of the other party.

18. In order to avoid the potential for conflicts of interest, Consultant, if currently employed, agrees to inform his or her current employer that Consultant is rendering services to Pharmacyclics in exchange for compensation. Consultant will notify Pharmacyclics immediately in writing of any objection such employer may have to the arrangement set forth in this Agreement. Pharmacyclics reserves the right to terminate this Agreement upon written notice in the event of any potential or actual conflicts of interest.

19. Pharmacyclics agrees indemnify, hold harmless and pay for the defense and liabilities imposed on Consultant as a result of any and all claims arising from or in connection with Consultant's consulting services under this Agreement.

20. Paragraphs 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20 and 21will survive any termination of this Agreement. Termination of this Agreement will not affect any accrued rights, liabilities or obligations of either party.

20. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof, and there are no other agreements or understandings, verbal or written, between the parties. The terms of this Agreement can be modified only by the mutual written agreement of the parties. Any waiver of any right or obligation hereunder may only be made in writing, and will be effective only as to the circumstance or period referenced in such writing. This Agreement will not be strictly construed against either party, irrespective of which party is deemed to have drafted the provision at issue. If any provision of this Agreement is found to be unenforceable or invalid, such unenforceability or invalidity will not render this Agreement unenforceable or invalid as a whole, and such provision will be changed and interpreted so as to best accomplish the objectives of such provision within the limits of applicable law. This Agreement will be interpreted and enforced in accordance with the laws of California, notwithstanding the choice of law principles of California or those of any other jurisdiction. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The parties agree that delivery of an executed counterpart signature hereof by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

*This section intentionally left blank.*

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the Effective Date.

**CONSULTANT**

By: /s/ Gwendolyn Fyfe, M.D.

Print Name: Gwendolyn Fyfe, M.D.

Date _____

Tax ID No. _____

**PHARMACYCLICS, INC.**

By: /s/ Robert W. Duggan
Robert W. Duggan
Chairman & CEO

Date: _____

Exhibit 10.2

November 8, 2011

VIA ELECTRONIC AND OVERNIGHT MAIL

Gwendolyn Fyfe, M.D.

Re: Continuation of Consulting Services Agreement

Dear Gwen:

This letter ("Amendment"), when countersigned by you, shall memorialize the terms of your continued consulting arrangement with Pharmacyclics, Inc. ("Pharmacyclics" or the "Company"). As I outlined in my September 22, 2011 email ("September Email"), and as you and Bob Duggan recently discussed, rather than terminate your existing Consulting Services Agreement pursuant to our earlier discussions, we have agreed that you will continue to act as a consultant for the Company. The following sets forth the terms and conditions of your continued provision of consulting services:

1. Sections Incorporated By Reference . Sections 1, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, 19 and 20 of the Consulting Services Agreement ("Original Consulting Services Agreement") dated as of May 10, 2010 between you and Pharmacyclics, shall be incorporated by reference to this amendment letter. All other sections shall no longer apply, and shall be replaced by the terms set forth herein. In the event of a conflict between the Original Consulting Services Agreement and this Amendment, this Amendment shall govern and control.

2. Term . Effective September 1, 2011, and for a period of two years until September 30, 2013 (the "Term"), you shall provide consulting services to the Company.

3. Fee . (a) You will receive a payment under the Original Consulting Services Agreement in the amount of $25,000 for September 2011, as well as an additional payment of $25,000. No further amounts shall be due to you under the Original Consulting Services Agreement.

(b) The Company shall make a lump sum payment to you of $100.00 upon your execution of this Amendment, in consideration for one hour of consulting services per month during the Term. To the extent that the Company requires you to provide more than one hour of services per month, the Company shall pay you $450 per hour for all additional hours work. You shall submit a monthly invoice to the Company not later than the tenth (10 th ) day of each month. Provided such invoice is submitted, the Company shall pay you no later than the last day of the month in which such invoice is submitted.

4. Continuation of Options . In connection with the Original Consulting Services Agreement, you received the options listed on Schedule A hereto (the "Consulting Options"), in connection with your initial appointment to the Board of Directors of the Company, you received the options listed on Schedule B-1 hereto (the "Initial Board Options") and in connection with your continued service on the Board of Directors of the Board of Directors, you received the options listed on Schedule B-2 hereto and shall receive options in accordance with the Company's policy on Board compensation for the Company's next Board meeting to be held during the fourth calendar quarter of 2011 (solely to the extent held prior to the next Annual Meeting of Stockholders), whether or not you attend such meeting (collectively, the "Quarterly Board Options"). In consideration for entering into this Agreement, you hereby agree with the Company as follows:

(a) The Consulting Options originally vested in forty-eight (48) equal monthly installments. The Consulting Options shall continue to vest through November 30, 2011 and all Consulting Options not then vested shall be terminated and no further force and effect and shall be forfeited back to the Company and you shall have no further rights in or to such unvested Consulting Options or the shares of common stock thereunder, as set forth on Schedule A. In accordance with Sections 12.3 and 14.2 of the Company's 2004 Equity Incentive Award Plan, as amended through the date hereof (the "2004 Plan"), and notwithstanding any provisions contained in the option agreements with respect to the Consulting Options or any other provision in the 2004 Plan, all Consulting Options not terminated as provided above in this paragraph 4(a) shall remain exercisable up to the second anniversary of this Amendment, or if this Amendment is terminated prior to the end of its Term, then such Consulting Options not terminated as provided above in this paragraph 4(a) shall remain exercisable for three months following the date of the termination, but in no event following the second anniversary of the Amendment, and in either case following such date all such unexercised Consulting Options shall be terminated and no further force and effect shall be forfeited back to the Company and you shall have no further rights in or to such unexercised Consulting Options or the shares of common stock thereunder.

(b) The Initial Board Options originally vested in five equal annual installments. The Initial Board Options shall continue to vest up to the Company's next Annual Meeting of Stockholders and all Initial Board Options not then vested shall be terminated and no further force and effect and shall be forfeited back to the Company and you shall have no further rights in or to such unvested Initial Board Options or the shares of common stock thereunder, as set forth on Schedule B-1. In accordance with Sections 12.3 and 14.2 of the 2004 Plan and notwithstanding any provisions contained in the option agreements with respect to the Initial Board Options or any other provision in the 2004 Plan, all Initial Board Options not terminated as provided above in this paragraph 4(b) shall remain exercisable up to the third anniversary of the Company's next Annual Meeting of Stockholders and following such date all such unexercised Initial Board Options shall be terminated and no further force and effect and shall be forfeited back to the Company and you shall have no further rights in or to such unexercised Initial Board Options or the shares of common stock thereunder.

(c) All Quarterly Board Options vest upon grant. In accordance with Sections 12.3 and 14.2 of the 2004 Plan and notwithstanding any provisions contained in the option agreements with respect to the Quarterly Board Options or any other provision in the 2004 Plan, all Quarterly Board Options shall remain exercisable up to the third anniversary of the Company's next Annual Meeting of Stockholders and following such date all such unexercised Quarterly Board Options shall be terminated and no further force and effect and shall be forfeited back to the Company and you shall have no further rights in or to such unexercised Quarterly Board Options or the shares of common stock thereunder.

You also hereby agree not to exercise and/or sell any shares of common stock of the Company underlying any outstanding options or any other shares of common stock of the Company owned by you for a period beginning on the date hereof and continuing for six months following the date on which you cease to be a director.

5. Mutual Non-Disparagement .

(a) You agree that, during the period beginning on the date hereof and terminating on the third anniversary of the Company's next Annual Meeting of Stockholders neither you nor any of your affiliates or associates will, and you will cause each of your affiliates and associates not to, directly or indirectly, in any capacity or manner, make, express, transmit speak, write, verbalize or otherwise communicate in any way (or cause, further, assist, solicit, encourage, support or participate in any of the foregoing), any remark, comment, message, information, declaration, communication or other statement of any kind, whether verbal, in writing, electronically transferred or otherwise, that might reasonably be construed to be derogatory or critical of, or negative toward, the Company or any of its directors, officers, affiliates, subsidiaries, employees, agents or representatives (collectively, the "Company Representatives"), or to malign, harm, disparage, defame or damage the reputation or good name of the Company, its business or any of the Company Representatives.

(b) The Company hereby agrees that, during the period beginning on the date hereof and terminating on the third anniversary of the Company's next Annual Meeting of Stockholders, neither it nor any of its affiliates will, and it will cause each of its affiliates not to, directly or indirectly, in any capacity or manner, make, express, transmit, speak, write, verbalize or otherwise communicate in any way (or cause, further, assist, solicit, encourage, support or participate in any of the foregoing), any remark, comment, message, information, declaration, communication or other statement of any kind, whether verbal, in writing, electronically transferred or otherwise, that might reasonably be construed to be derogatory or critical of, or negative toward, you or your agents or representatives (collectively, your "Representatives"), or to malign, harm, disparage, defame or damage the reputation or good name of you or your Representatives.

(c) Notwithstanding the foregoing, nothing in this Section 5 or elsewhere in this Agreement shall prohibit either you or the Company from making any statement or disclosure required under the federal securities laws or other applicable laws.

6. Termination . This Amendment may be terminated by you during the Term upon thirty (30) days prior written notice. The Company may terminate this Amendment during the Term provided all of the following have occurred: (a) the Company determines you are in breach of any of the material terms of this Amendment, (b) the Company provides with written notice and thirty (30) days to cure such breach, if such breach is curable, and (c) you fail to cure such breach within the thirty (30) day cure period; provided, however, that if such breach shall require more than thirty (30) days to cure, you shall have reasonable additional time so long as you have commenced and are diligently pursuing a cure.

Sincerely,

Pharmacyclics, Inc.

By: /s/ Ramses Erdtmann
Name: Ramses Erdtmann
Title: VP Finance

Agreed to, accepted and understood,

/s/ Gwendolyn Fyfe, M.D.
Gwendolyn Fyfe, M.D.

**SCHEDULE A**
**ORIGINAL CONSULTING SERVICES AGREEMENT OPTIONS**

| Date of Grant | Shares Underlying Options | Options Vested Through the Date of this Agreement | Additional Options Vested Through November 30, 2011 | Options Which Terminate Pursuant to this Agreement |
|---|---|---|---|---|
| May 10, 2010 | 210,000 | 74,375 | 4,375 | 131,250 |
| May 19, 2010 | 90,000 | 31,875 | 1,875 | 56,250 |
| October 14, 2010 | 30,000 | 7,500 | 625 | 21,875 |

**SCHEDULE B-1**
**INITIAL BOARD OPTIONS**

| Date of Grant | Shares Underlying Options | Options Vested Through the Date of this Agreement | Additional Options Vested Through Company's next Annual Meeting of Shareholders | Options Which Terminate Pursuant to this Agreement |
|---|---|---|---|---|
| December 9, 2010 | 10,000 | 0 | 2,000 | 8,000 |
| December 13, 2010 | 20,000 | 0 | 4,000 | 16,000 |

**SCHEDULE B-2**
**QUARTERLY BOARD OPTIONS**

| Date of Grant | Shares Underlying Options | Options Vested Through the Date of this Agreement | Additional Options Vested Through Company's next Annual Meeting of Shareholders | Options Which Terminate Pursuant to this Agreement |
|---|---|---|---|---|
| April 1, 2011 | 3,743 | 3,743 | 0 | 0 |
| July 1, 2011 | 2,126 | 2,126 | 0 | 0 |
| October 3, 2011 | 2,652 | 2,652 | 0 | 0 |

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, Robert W. Duggan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pharmacyclics, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within the registrant, 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 that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

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 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: November 8, 2011

/s/ ROBERT W. DUGGAN
Robert W. Duggan
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Rainer M. Erdtmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pharmacyclics, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within the registrant, 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 that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

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 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: November 8, 2011

/s/ RAINER M. ERDTMANN
Rainer M. Erdtmann
Vice President, Finance and Administration and Secretary

Exhibit 32.1

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Pharmacyclics, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Robert W. Duggan, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RO B ERT W. DUGGAN
Robert W. Duggan
Chairman of the Board and Chief Executive Officer
November 8, 2011

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Pharmacyclics, Inc, a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Rainer M. Erdtmann, Vice President, Finance and Administration and Secretary of the Company, certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RAINER M. ER D TMANN
Rainer M. Erdtmann
Vice President, Finance and Administration
and Secretary (Principal Accounting and Financial Officer)
November 8, 2011