

**Condensed Statement of Operations**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenues:				
Research and development and grant revenues	\$ 2,200	\$ 1,854	\$ 7,367	\$ 3,903
License fees	700	700	1,400	1,400
Total revenues	<u>2,900</u>	<u>2,554</u>	<u>8,767</u>	<u>5,303</u>
Operating Expenses:				
Research and development	9,749	7,286	19,109	15,042
General and administrative	2,672	3,040	5,147	5,162
Total operating expenses	<u>12,421</u>	<u>10,326</u>	<u>24,256</u>	<u>20,204</u>
Operating loss:	(9,521)	(7,772)	(15,489)	(14,901)
Interest and other income	780	720	1,299	1,112
Interest and other expense	(490)	(683)	(973)	(1,076)
Net loss	<u>\$ (9,231)</u>	<u>\$ (7,735)</u>	<u>\$ (15,163)</u>	<u>\$ (14,865)</u>
Net loss per common share:				
Basic and diluted	\$ (0.46)	\$ (4.11)	\$ (1.36)	\$ (7.96)
Weighted average shares used in computing net loss per common share, basic and diluted	19,905,294	1,881,601	11,111,903	1,868,496
Proforma net loss per common share, basic and diluted (unaudited)		\$ (0.41)		\$ (0.78)
Weighted average shares used in computing net loss per common share, basic and diluted (unaudited)		18,981,225		18,968,120

Each outstanding share of preferred stock of the Company automatically converted into one share of common stock upon completion of the Company's initial public offering. Accordingly, pro forma basic and diluted net loss per common share has been calculated assuming the preferred stock was converted as of the original date of issuance of the preferred stock. Pro forma common shares outstanding for the quarter ended June 30, 2003 of 18,981,225 is based on the conversion of 34,127,308 shares of our convertible preferred stock into 17,099,624 shares of common stock on a weighted average basis as of June 30, 2003. Pro forma common shares outstanding for the six months ended June 30, 2003 of 18,968,120 shares is based on the conversion of 34,127,308 shares of our convertible preferred stock into 17,099,624 shares of common stock on a weighted average basis as of June 30, 2003.

**Condensed Balance Sheet Data**  
(in thousands)  
(unaudited)

	<u>June 30,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 18,645	\$ 10,991
Short term investments	101,274	24,197
Other current assets	<u>2,858</u>	<u>1,888</u>
Total current assets	122,777	37,076
Property and equipment, net	7,764	8,870
Non-current and restricted investments	6,669	8,345
Investments	11,550	7,857
Other assets	<u>743</u>	<u>725</u>
<b>Total assets</b>	<u><u>\$ 149,503</u></u>	<u><u>\$ 62,873</u></u>
<b>Liabilities, convertible preferred stock and stockholders' equity (deficit)</b>		
Current liabilities	\$ 10,468	\$ 9,457
Long-term obligations	11,010	12,275
Preferred stock	-	133,172
Stockholders' equity (deficit)	<u>128,025</u>	<u>(92,031)</u>
<b>Total liabilities, convertible preferred stock and stockholders' equity (deficit)</b>	<u><u>\$ 149,503</u></u>	<u><u>\$ 62,873</u></u>