

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

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues:				
Research and development	\$ 119	\$ 746	\$ 265	\$ 1,466
License revenues	<u>3,058</u>	<u>700</u>	<u>6,117</u>	<u>1,400</u>
Total revenues	<u>3,177</u>	<u>1,446</u>	<u>6,382</u>	<u>2,866</u>
Operating expenses:				
Research and development	13,726	12,397	26,213	23,664
General and administrative	<u>4,015</u>	<u>3,938</u>	<u>8,497</u>	<u>7,560</u>
Total operating expenses	<u>17,741</u>	<u>16,335</u>	<u>34,710</u>	<u>31,224</u>
Operating loss:	(14,564)	(14,889)	(28,328)	(28,358)
Interest and other income	2,122	1,228	4,363	2,357
Interest and other expense	<u>(186)</u>	<u>(125)</u>	<u>(356)</u>	<u>(248)</u>
Net loss	<u>\$ (12,628)</u>	<u>\$ (13,786)</u>	<u>\$ (24,321)</u>	<u>\$ (26,249)</u>
Net loss per common share - basic and diluted	\$ (0.27)	\$ (0.38)	\$ (0.52)	\$ (0.74)
Weighted average shares used in computing net loss per common share - basic and diluted	46,889,720	36,375,619	46,825,800	35,317,352

Condensed Balance Sheet
(in thousands)
(unaudited)

	June 30, 2007	December 31, 2006
Assets		
Cash and cash equivalents	\$ 111,223	\$ 39,387
Short term investments	44,250	70,155
Other current assets	2,548	44,079
Total current assets	158,021	153,621
Property and equipment, net	8,132	9,202
Restricted investments	6,125	6,034
Other assets	534	659
Total assets	\$ 172,812	\$ 169,516
Liabilities and stockholders' equity		
Current liabilities	\$ 24,388	\$ 26,393
Long-term obligations	37,087	36,810
Stockholder's equity	111,337	106,313
Total liabilities and stockholders' equity	\$ 172,812	\$ 169,516