

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

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Revenues:				
Research and development	\$ 67	\$ 1,072	\$ 93	\$ 1,337
License revenues	3,058	3,058	9,175	9,175
Total revenues	<u>3,125</u>	<u>4,130</u>	<u>9,268</u>	<u>10,512</u>
Operating Expenses:				
Research and development	13,519	13,217	42,480	39,430
General and administrative	3,826	4,113	12,235	12,611
Restructuring Charges	2,492	-	2,492	-
Total operating expenses	<u>19,837</u>	<u>17,330</u>	<u>57,207</u>	<u>52,041</u>
Operating loss:	(16,712)	(13,200)	(47,939)	(41,529)
Interest and other income	571	2,055	2,819	6,418
Interest and other expense	<u>(118)</u>	<u>(176)</u>	<u>(398)</u>	<u>(531)</u>
Net loss	<u>\$ (16,259)</u>	<u>\$ (11,321)</u>	<u>\$ (45,518)</u>	<u>\$ (35,642)</u>
Net loss per common share - basic and diluted	\$ (0.33)	\$ (0.24)	\$ (0.92)	\$ (0.76)
Weighted average shares used in computing net loss per common share – basic and diluted	49,415,937	47,460,424	49,358,705	47,039,631

Condensed Balance Sheet
(in thousands)
(unaudited)

	September 30, 2008	December 31, 2007
Assets		
Cash and cash equivalents	\$ 70,636	\$ 116,564
Short term investments	-	3,175
Other current assets	2,147	2,277
Total current assets	72,783	122,016
Long term investments	18,230	20,025
Property and equipment, net	5,899	7,728
Restricted investments	2,750	5,167
Other assets	381	434
Total assets	\$ 100,043	\$ 155,370
Liabilities and stockholders' equity		
Current liabilities	\$ 24,467	\$ 26,448
Long-term obligations	18,272	29,006
Stockholders' equity	57,304	99,916
Total liabilities and stockholders' equity	\$ 100,043	\$ 155,370