

Condensed Statement of Operations

(in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Revenues:				
Research and development	\$ 16	\$ 119	\$ 27	\$ 265
License revenues	<u>3,058</u>	<u>3,058</u>	<u>6,117</u>	<u>6,117</u>
Total revenues	<u>3,074</u>	<u>3,177</u>	<u>6,144</u>	<u>6,382</u>
Operating Expenses:				
Research and development	14,859	13,726	28,961	26,213
General and administrative	<u>4,252</u>	<u>4,015</u>	<u>8,409</u>	<u>8,497</u>
Total operating expenses	<u>19,111</u>	<u>17,741</u>	<u>37,370</u>	<u>34,710</u>
Operating loss:	(16,037)	(14,564)	(31,226)	(28,328)
Interest and other income	808	2,122	2,249	4,363
Interest and other expense	<u>(135)</u>	<u>(186)</u>	<u>(281)</u>	<u>(356)</u>
Net loss	<u>\$ (15,364)</u>	<u>\$ (12,628)</u>	<u>\$ (29,258)</u>	<u>\$ (24,321)</u>
Net loss per common share - basic and diluted	\$ (0.31)	\$ (0.27)	\$ (0.59)	\$ (0.52)
Weighted average shares used in computing net loss per common share – basic and diluted	49,365,685	46,899,720	49,329,775	46,825,800

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Condensed Balance Sheet
(in thousands)
(unaudited)

	<u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Assets		
Cash and cash equivalents	\$ 86,861	\$ 116,564
Short term investments	-	3,175
Other current assets	<u>2,474</u>	<u>2,277</u>
Total current assets	89,335	122,016
Long term investments	18,749	20,025
Property and equipment, net	6,728	7,728
Restricted investments	4,147	5,167
Other assets	<u>407</u>	<u>434</u>
Total assets	\$ <u>119,366</u>	\$ <u>155,370</u>
 Liabilities and stockholders' equity		
Current liabilities	\$ 24,952	\$ 26,448
Long-term obligations	21,826	29,006
Stockholders' equity	<u>72,588</u>	<u>99,916</u>
Total liabilities and stockholders' equity	\$ <u>119,366</u>	\$ <u>155,370</u>