

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Revenues:				
Research and development	\$ 93	\$ 51	\$ 186	\$ 1,388
License revenues	<u>3,058</u>	<u>3,058</u>	<u>12,234</u>	<u>12,234</u>
Total revenues	<u>3,151</u>	<u>3,109</u>	<u>12,420</u>	<u>13,622</u>
Operating Expenses:				
Research and development	11,470	13,958	53,950	53,388
General and administrative	2,841	4,110	15,076	16,721
Restructuring charges	<u>(19)</u>	<u>-</u>	<u>2,473</u>	<u>-</u>
Total operating expenses	<u>14,292</u>	<u>18,068</u>	<u>71,499</u>	<u>70,109</u>
Operating loss:	(11,141)	(14,959)	(59,079)	(56,487)
Interest and other income, net	<u>285</u>	<u>1,706</u>	<u>2,705</u>	<u>7,593</u>
Net loss	<u>\$ (10,856)</u>	<u>\$ (13,253)</u>	<u>\$ (56,374)</u>	<u>\$ (48,894)</u>
Net loss per common share - basic and diluted	\$ (0.22)	\$ (0.27)	\$ (1.14)	\$ (1.03)
Weighted average shares used in computing net loss per common share – basic and diluted	49,490,917	49,224,043	49,391,939	47,590,205

Condensed Balance Sheet  
(in thousands)  
(unaudited)

	December 31, 2008	December 31, 2007
<b>Assets</b>		
Cash and cash equivalents	\$ 41,819	\$ 116,564
Short term investments	15,048	3,175
Other current assets	2,043	2,277
Total current assets	58,910	122,016
Investments in auction rate securities	16,636	20,025
Investment put option	3,389	-
Property and equipment, net	5,087	7,728
Restricted investments	2,750	5,167
Other assets	682	434
<b>Total assets</b>	\$ 87,454	\$ 155,370
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 22,877	\$ 26,448
Long-term obligations	14,811	29,006
Stockholders' equity	49,766	99,916
<b>Total liabilities and stockholders' equity</b>	\$ 87,454	\$ 155,370