

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2003, 2002, 2001, 2000, 1999, 1998, and 1997

	Class A Convertible Preferred Stock		Class B Convertible Preferred Stock		Class C Convertible Preferred Stock	
	Number of Shares	\$0.01 Par Value	Number of Shares	\$0.01 Par Value	Number of Shares	\$0.01 Par Value
Balance, January 1, 1997	345,000	\$250,000	—	\$ —	—	\$ —
Repurchase of common stock						
Net loss						
Balance, December 31, 1997	345,000	250,000	—	—	—	—
Issuance of common stock in connection with Gestation merger						
Issuance of common stock						
Issuance of Class B Convertible Preferred Stock			100,000	137,723		
Issuance of option to purchase shares of Class C Convertible Preferred Stock						
Net loss						
Balance, December 31, 1998	345,000	250,000	100,000	137,723	—	—
Issuance of Class B Convertible Preferred Stock			440,000	1,091,747		
Purchase of Treasury Stock						
Net loss						
Balance, December 31, 1999	345,000	250,000	540,000	1,229,470	—	—
Issuance of common stock, net of approximately \$1,516,000 in issuance costs						
Conversion of 345,000 shares of Class A Convertible Preferred Stock to 3,450,000 common shares	(345,000)	(250,000)				
Issuance of Class B Convertible Preferred Stock			100,000	249,730		
Conversion of 640,000 shares of Class B Convertible Preferred Stock to 6,400,000 common shares			(640,000)	(1,479,200)		
Issuance of Class C Convertible Preferred Stock					175,000	524,030
Conversion of 175,000 shares of Class C Convertible Preferred Stock to 1,750,000 common shares					(175,000)	(524,030)
Issuance of Class D Convertible Preferred Stock						
Conversion of 250,000 shares of Class D Convertible Preferred Stock to 2,500,000 common shares						
Deferred compensation in connection with the issuance of stock options						
Amortization of deferred compensation						
Purchase of Treasury Stock						
Exercise of stock options						
Net loss						
Balance, December 31, 2000	—	—	—	—	—	—
Amortization of deferred compensation						
Forfeiture of stock options with deferred compensation						
Exercise of stock options						
Net loss						
Balance, December 31, 2001	—	—	—	—	—	—
Amortization of deferred compensation						
Forfeiture of stock options with deferred compensation						
Exercise of stock options						
Net loss						
Balance, December 31, 2002	—	—	—	—	—	—
Issuance of common stock in connection with milestone payment						
Amortization of deferred compensation						
Net loss						
Balance, December 31, 2003	—	\$ —	—	\$ —	—	\$ —

The accompanying notes are an integral part of these financial statements.

Class D Convertible Preferred Stock		Treasury Stock		Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Total
Number of Shares	\$0.01 Par Value	Number of Shares	Amount	Number of Shares	\$0.001 Par Value	Common			
—	\$ —	—	\$ —	1,288,000 (644,000)	\$ 1,288 (644)	\$ 712 (356)	\$ —	\$ 32,828 (40,975)	\$ 284,828 (1,000) (40,975)
—	—	—	—	644,000	644	356	—	(8,147)	242,853
				9,890,000	9,890	267,530			277,420
				9,016,000	9,016	(8,516)			500
						102,000			137,723
								(333,860)	102,000
—	—	—	—	19,550,000	19,550	361,370	—	(342,007)	426,636
		6,982,800	(195,518)						1,091,747
								(1,206,515)	(195,518)
—	—	6,982,800	(195,518)	19,550,000	19,550	361,370	—	(1,548,522)	(1,206,515)
									116,350
				6,250,000	6,250	17,189,359			17,195,609
				3,450,000	3,450	246,550			—
									249,730
				6,400,000	6,400	1,472,800			—
									524,030
				1,750,000	1,750	522,280			—
250,000	995,569								995,569
(250,000)	(995,569)			2,500,000	2,500	993,069			—
						2,806,000	(2,806,000)		—
		1,407,200	(141)				486,050		486,050
				50,000	50	1,950			(141)
								(2,459,333)	2,000
—	—	8,390,000	(195,659)	39,950,000	39,950	23,593,378	(2,319,950)	(4,007,855)	(2,459,333)
							649,089		17,109,864
							(272,000)		649,089
				460,000	460	17,940			—
								(4,012,548)	18,400
—	—	8,390,000	(195,659)	40,410,000	40,410	23,339,318	(1,398,861)	(8,020,403)	(4,012,548)
							503,875		13,764,805
							(382,500)		503,875
				150,000	150	5,850			—
								(4,420,069)	6,000
—	—	8,390,000	(195,659)	40,560,000	40,560	22,962,668	(512,486)	(12,440,472)	(4,420,069)
				10,000	10	1,890			9,854,611
							414,250		1,900
								(4,350,680)	414,250
—	\$ —	8,390,000	\$(195,659)	40,570,000	\$40,570	\$22,964,558	\$ (98,236)	\$(16,791,152)	\$(4,350,680)
									\$5,920,081