As filed with the Securities And Exchange Commission on July 23, 2004
Registration No. 333-114776

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2 to
FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Halozyme Therapeutics, Inc.
(Name of small business issuer in its charter)

Nevada	**2836**	**88-0488686**
(State or Jurisdiction of Incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

11588 Sorrento Valley Road, Suite 17
San Diego, California 92121
(858) 794-8889
(Address and telephone number of principal executive offices)

David A. Ramsay
11588 Sorrento Valley Road, Suite 17
San Diego, California 92121
(858) 794-8889
(Name, address and telephone number of agent for service)

Copy of all communications to:
Douglas J. Rein, Esq.
Gray Cary Ware & Freidenrich, LLP
4365 Executive Drive, Suite 1100
San Diego, California 92121
(858) 677-1400

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. The selling security holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither the selling security holders nor we are soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED July 23, 2004

PROSPECTUS

HALOZYME THERAPEUTICS, INC.

29,508,664 SHARES OF COMMON STOCK

This prospectus relates to the distribution by certain stockholders of Halozyme Therapeutics, Inc. of up to 29,508,664 shares of our common stock which they own, or which they may at a later date acquire upon the exercise of warrants. Halozyme is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. We may receive proceeds from the exercise price of the warrants if they are exercised by the selling security holders. All costs associated with this registration will be borne by Halozyme.

Halozyme's common stock is quoted on the OTC Bulletin Board under the symbol "HZYM." On July 19, 2004 the closing bid price for one share of our common stock was $3.05.

THESE SECURITIES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE "RISK FACTORS" BEGINNING ON PAGE 5 OF THIS PROSPECTUS BEFORE MAKING A DECISION TO PURCHASE OUR STOCK.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is _____, 2004

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PROSPECTUS SUMMARY

This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. This summary highlights selected information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including the more detailed information regarding our company, the risks of purchasing our common stock discussed under "Risk Factors," and our financial statements and the accompanying notes, before making an investment decision.

Our Business

Effective March 11, 2004, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of January 28, 2004, among privately held DeliaTroph Pharmaceuticals, Inc., dba Hyalozyme Therapeutics, Inc. ("Halozyme"), Global Yacht Services, Inc. ("Global") and Hyalozyme Acquisition Corporation ("Merger Sub"), a wholly owned subsidiary of Global, the Merger Sub merged with and into Halozyme, with Halozyme remaining as the surviving corporation (the "Merger").

Halozyme is a development stage biopharmaceutical company dedicated to the development and planned commercialization of recombinant human enzymes for the infertility, ophthalmology, and oncology markets. Our products under development are based on intellectual property covering the family of human enzymes known as hyaluronidases. Hyaluronidases are enzymes (proteins), which break down hyaluronic acid, which is a naturally occurring substance in the human body. Currently, we have no products and all of our potential products are either in the discovery, pre-clinical, pre-new drug application (NDA) or pre-510(k) stage. It may be years, if ever, before we are able to obtain the necessary regulatory approvals necessary to generate meaningful revenue from the sale of these potential products. In addition, we have never generated any revenue; have had operating and net losses each year since inception; and our auditors have raised substantial doubt that we will have the ability to continue as a going concern. We have accumulated a deficit of $5,264,927 since inception.

The Offering

By means of this prospectus, a number of stockholders of Halozyme are offering to sell up to 19,046,721 shares of common stock which they own, and 10,461,943 shares of common stock which they may at a later date acquire upon the exercise of warrants. In this prospectus, Halozyme refers to these persons as the selling security holders.

As of March 31, 2004, Halozyme had 39,421,906 shares of common stock issued and outstanding, which includes shares offered by this prospectus. The number of outstanding shares of common stock does not include stock which may be issued pursuant to the exercise and/or conversion of options and/or warrants previously issued by Halozyme.

We will not receive any proceeds from the sale of common stock offered by the selling security holders, but we did receive consideration from the selling security holders at the time they purchased the shares. We may receive proceeds from the exercise price of the warrants if they are exercised by the selling security holders. We intend to use any proceeds from exercise of the warrants for working capital and general corporate purposes.

The purchase of the securities offered by this prospectus involves a high degree of risk. Risk factors include the lack of revenues and history of loss, and the need for additional capital. See the "Risk Factors" section of this prospectus for a more complete discussion of these and other risks.

Summary Financial Data

The following table presents summary financial information for the year ended December 31, 2003 and for the quarter ended March 31, 2004. The summary information includes the effects of the acquisition, as if the Merger transaction between Halozyme and Global had occurred at the beginning of 2003. The data was taken from our financial statements appearing elsewhere in this prospectus, and you should read the actual financial statements for a complete presentation of this information.

	Year Ended December 31, 2003	Quarter Ended March 31, 2004
Revenue	$ —	$ —
Operating Expenses	$ (1,822,672)	$ (1,207,552)
Net Loss	$ (2,215,025)	$ (1,284,422)
Current Assets	$ 503,580	$ 7,568,843
Total Assets	**$ 647,247**	**$ 7,732,773**
Current Liabilities	$ 373,440	$ 773,242
Total Liabilities	**$ 373,440**	**$ 773,242**
Stockholders' Equity	**$ 273,807**	**$ 6,959,531**

RISK FACTORS

You should carefully consider each of the following risk factors and all of the other information provided in this prospectus before purchasing our common stock. An investment in our common stock involves a high degree of risk, and should be considered only by persons who can afford the loss of their entire investment. The risks and uncertainties described below are the only ones we know of that we consider to be material at this time. If the events described in these risks occur, our business, financial condition and results of operations would likely suffer. Additionally, this prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. This section discusses the risk factors that might cause those differences

Risks Related To Our Business

We have not generated any revenue from product sales to date; we have a history of net losses and negative cash flow, and may never achieve or maintain profitability.

We have not generated any revenue from product sales to date and may never generate revenues from product sales in the future. Even if we do achieve significant revenues from product sales, we expect to incur significant operating losses over the next several years. We have never been profitable, and may never become profitable. Through March 31, 2004, we have incurred aggregate net losses of $5,264,927.

We will need to raise funds in the next twelve months, and our current capital structure may make us less attractive to investors.

During the next twelve months we will need to raise additional capital to obtain FDA approval for any of our products. If we engage in acquisitions of companies, products, or technology in order to execute our business strategy, we may need to raise additional capital. We may be required to raise additional capital in the future through collaborative agreements, private financings, and various other equity or debt financings. Our capital structure is fairly complex, due largely to the fact that we have issued warrants to purchase up to 10,461,943 shares of our common stock and we may redeem 8,094,829 of these such warrants for $0.01 per share under certain circumstances (for a full summary of the terms of such warrants, see "Description of Securities"). Considering our stage of development and the nature of our capital structure, if we are required to raise additional capital in the future, the additional financing may not be available on favorable terms, or at all. If we are successful in raising additional capital, a substantial number of additional shares will be outstanding and would dilute the ownership interest of our investors.

If we do not receive and maintain regulatory approvals for our product candidates, we will not be able to commercialize our products, which would substantially impair our ability to generate revenues.

None of our product candidates have received regulatory approval from the FDA or from any similar national regulatory agency or authority in any other country in which we intend to do business. Approval from the FDA is necessary to manufacture and market pharmaceutical products in the United States. Many other countries including major European countries and Japan have similar requirements.

We intend to file a 510(k) for Cumulase™ and an NDA for Enhanze SC™. The processes for obtaining FDA approval are extensive, time-consuming and costly, and there is no guarantee that the FDA will approve any of the 510(k)s or NDAs that we intend to file with respect to any of our product candidates, or that the timing of any such approval will be appropriate for our product launch schedule and other business priorities, which are subject to change. We have not currently begun the 510(k), NDA or any other regulatory approval process for any of our potential products, and we may not be successful in obtaining such approvals for any of our potential products.

If we are unsuccessful in our clinical trials, we will not receive regulatory approvals for our product candidates.

Clinical testing of pharmaceutical products is also a long, expensive and uncertain process. Even if initial results of preclinical studies or clinical trial results are positive, we may obtain different results in later stages of drug development, including failure to show desired safety and efficacy.

The clinical trials of any of our product candidates could be unsuccessful, which would prevent us from obtaining regulatory approval and commercializing the product. FDA approval can be delayed, limited or not granted for many reasons, including, among others:

- FDA officials may not find a product candidate safe or effective to merit an approval;
- FDA officials may not find that the data from preclinical testing and clinical trials justifies approval, or they may require additional studies that would make it commercially unattractive to continue pursuit of approval;
- the FDA may not approve our manufacturing processes or facilities, or the processes or facilities of our contract manufacturers or raw material suppliers;
- the FDA may change its approval policies or adopt new regulations; and
- the FDA may approve a product candidate for indications that are narrow or under conditions that place our product at a competitive

disadvantage, which may limit our sales and marketing activities or otherwise adversely impact the commercial potential of a product.

If the FDA does not approve our product candidates in a timely fashion on commercially viable terms or we terminate development of any of our product candidates due to difficulties or delays encountered in the regulatory approval process, it will have a material adverse impact on our business and we will be dependent on the development of our other product candidates and/or our ability to successfully acquire other products and technologies.

In addition, we intend to market certain of our products, and perhaps have certain of our products manufactured, in foreign countries. The process of obtaining approvals in foreign countries is subject to delay and failure for similar reasons.

If our product candidates are approved by the FDA but do not gain market acceptance, our business will suffer because we may not be able to fund future operations.

A number of factors may affect the market acceptance of any of our existing products or any other products we develop or acquire in the future, including, among others:

- the price of our products relative to other therapies for the same or similar treatments;
- the perception by patients, physicians and other members of the health care community of the effectiveness and safety of our products for their prescribed treatments;
- our ability to fund our sales and marketing efforts;
- the effectiveness of our sales and marketing efforts; and
- the introduction of generic competitors.

We have never successfully marketed any products, and we may not be successful in marketing and promoting our existing product candidates or any other products we develop or acquire in the future.

In addition, our ability to market and promote our product candidates will be restricted to the labels approved by the FDA. If the approved labels are restrictive, our sales and marketing efforts, as well as market acceptance and the commercial potential of our products may be negatively affected.

If our products do not gain market acceptance, we may not be able to fund future operations, including the development or acquisition of new product candidates and/or our sales and marketing efforts for our approved products, which would cause our business to suffer.

If we are unable to sufficiently develop our sales, marketing and distribution capabilities or enter into agreements with third parties to perform these functions, we will not be able to commercialize products.

We are currently in the process of developing our sales, marketing and distribution capabilities. However, our current capabilities in these areas are very limited. In order to commercialize any products successfully, we must internally develop substantial sales, marketing and distribution capabilities, or establish collaborations or other arrangements with third parties to perform these services. We do not have extensive experience in these areas, and we may not be able to establish adequate in-house sales, marketing and distribution capabilities or engage and effectively manage relationships with third parties to perform any or all of such services. To the extent that we enter into co-promotion or other licensing arrangements, our product revenues are likely to be lower than if we directly marketed and sold our products, and any revenues we receive will depend upon the efforts of third parties, whose efforts may not be successful.

If we have problems with our sole contract manufacturer, our product development and commercialization efforts for our product candidates could be delayed or stopped.

We have signed an agreement with Avid Bioservices Incorporated, a contract manufacturing organization, to produce bulk recombinant enzyme product for clinical use. Our contract manufacturer will produce the active pharmaceutical ingredient under current good manufacturing practices for commercial scale validation and will provide support for chemistry, manufacturing and controls sections for FDA regulatory filings. We have not established and may not be able to establish arrangements with additional manufacturers for these ingredients or products should the existing supplies become unavailable or in the event that our sole contract manufacturer is unable to adequately perform its responsibilities. Difficulties in our relationship with our manufacturer or delays or interruptions in such manufacturer’s supply of its requirements could limit or stop our ability to provide sufficient quantities of our products, on a timely basis, for clinical trials and, if our products are approved, could limit or stop commercial sales, which would have a material adverse effect on our business and financial condition.

Our inability to retain key management and scientific personnel could negatively affect our business.

Our success depends on the performance of key management and scientific employees with biotech experience. Given our small staff size and programs currently under development, we depend substantially on our ability to hire, train, retain and motivate high quality personnel, especially our scientists and management team in this field. If we were to lose either Jonathan Lim, our chief executive officer, or Gregory Frost, our chief scientific officer, then we would likely lose some portion of our institutional knowledge and technical know-how, potentially causing a substantial delay in one or more of our development programs until adequate replacement personnel could be hired and trained. For example, Dr. Frost has been with our Company from soon after its inception, and he possesses a substantial amount of knowledge about our development efforts. If we were to lose his services, we would experience delays in meeting our product development schedules. We have not entered into employment agreements with any of our employees or officers, including Dr. Lim and Dr. Frost. We do not have key man life insurance policies on the lives of any of our employees, including Dr. Lim and Dr. Frost.

Future sales of shares of our common stock, including sales of shares following the registration of shares we issued in our most recent financing, may negatively affect our stock price.

As a result of our recent private financing transaction, the private investors received approximately 19.0 million shares of common stock. The shares of common stock issued in connection with this financing transaction represent approximately 48% of our outstanding common stock. In connection with the financing transaction, we also issued warrants to the private investors that are exercisable for the purchase of up to an aggregate of 10.5 million shares of common stock based upon a purchase price ranging from $0.77 to $1.75 per share. The exercise of these warrants could result in significant dilution to stockholders at the time of exercise.

This registration statement covers the shares issued to the private investors and issuable upon exercise of the warrants. In the future, we may issue additional options, warrants or other derivative securities convertible into Halozyme common stock.

Sales of substantial amounts of shares of our common stock, or even the potential for such sales, could lower the market price of our common stock and impair the Company's ability to raise capital through the sale of equity securities.

Our stock price is subject to significant volatility.

Our stock price is subject to significant volatility. The following factors, in addition to other risks and uncertainties described in this section and elsewhere in this report, may cause the market price of our common stock to fall. We participate in a highly dynamic industry, which often results in significant volatility in the market price of common stock irrespective of company performance. As a result, our high and low stock prices for the last twelve months are $4.75 and $0.02, respectively. Fluctuations in the price of our common stock may be exacerbated by conditions in the healthcare and technology industry segments or conditions in the financial markets generally.

Recent trading in our stock has been limited, so investors may not be able to sell as much stock as they want at prevailing market prices.

The merger between Global and Halozyme was concluded on March 11, 2004. On March 12, 2004, our common stock began trading. Since then, trading volume has been limited with an average daily volume of 35,000 shares. By contrast, we are registering 29,508,664 shares with this registration statement which represents a substantial portion of our current outstanding shares. If limited trading in our stock continues, it may be difficult for investors to sell their shares in the public market at any given time at prevailing prices.

Short selling common stock by selling security holders may drive down the market price of our stock.

Any selling security holders who holds warrants may sell shares of our common stock on the market before exercising the warrant. The stock is usually offered at or below market since the warrant holders receive stock at a discount to market. Once the sale is completed the holders exercise a like dollar amount of shares. If the stock sale lowered the market price, upon exercise, the holders would receive a greater number of shares then they would have absent the short sale. This pattern may result in a reduction of our common stock's market price.

Our common stock is deemed to be "penny stock" by the Securities and Exchange Commission, which subjects its sale to certain rules and limitations.

Shares of our common stock are "penny stocks" as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are traded in the over-the-counter market on the over-the-counter bulletin board. As a result, investors may find it more difficult to dispose of or obtain accurate quotations as to the price of the shares of the common stock being registered hereby. In addition, the "penny stock" rules adopted by the Securities and Exchange Commission under the Exchange Act subject the sale of the shares of our common stock to certain regulations which impose sales practice requirements on broker/dealers. For example, brokers/dealers selling such securities must, prior to effecting the transaction, provide their customers with a document that discloses the risks of investing in such securities. Included in these documents are the following:

- the bid and offer price quotes in and for the "penny stock", and the number of shares to which the quoted prices apply;
- the brokerage firm's compensation for the trade; and
- the compensation received by the brokerage firm's sales person for the trade.

In addition, the brokerage firm must send the investor:

- a monthly account statement that gives an estimate of the value of each "penny stock" in the investor's account and
- a written statement of the investor's financial situation and investment goals.

Legal remedies, which may be available to you as an investor in "penny stocks", are as follows:

- if "penny stock" is sold to you in violation of your rights listed above, or other federal or state securities laws, you may be able to cancel your purchase and get your money back;
- if the stocks are sold in a fraudulent manner, you may be able to sue the persons and firms that committed the fraud for damages; or
- if you have signed an arbitration agreement, however, you may have to pursue your claim through arbitration. If the person purchasing the securities is someone other than an accredited investor or an established customer of the broker/dealer, the broker/dealer must also approve the potential customer's account by obtaining information concerning the customer's financial situation, investment experience and investment objectives. The broker/dealer must also make a determination whether the transaction is suitable for the customer and whether the customer has sufficient knowledge and experience in financial matters to be reasonably expected to be capable of evaluating the risk of transactions in such securities. Accordingly, the Securities and Exchange Commission's rules may limit the number of potential purchasers of the shares of our common stock. Resale restrictions on transferring "penny stocks" are sometimes imposed by some states, which may make transaction in our stock more difficult and may reduce the value of the investment. Various state securities laws pose restrictions on transferring "penny stocks" and as a result, investors in our common stock may have the ability to sell their shares of our common stock impaired.

Future acquisitions could disrupt our business and harm our financial condition.

In order to remain competitive, we may decide to acquire additional businesses, products and technologies. As we have limited experience in evaluating and completing acquisitions, our ability as an organization to make such acquisitions is unproven. Acquisitions could require significant capital infusions and could involve many risks, including, but not limited to, the following:

- we may have to issue convertible debt or equity securities to complete an acquisition, which would dilute our stockholders and could adversely affect the market price of our common stock;
- an acquisition may negatively impact our results of operations because it may require us to incur large one-time charges to earnings, amortize or write down amounts related to goodwill and other intangible assets, or incur or assume substantial debt or liabilities, or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges;
- we may encounter difficulties in assimilating and integrating the business, technologies, products, personnel or operations of companies that we acquire;
- certain acquisitions may disrupt our relationship with existing customers who are competitive to the acquired business;
- acquisitions may require significant capital infusions and the acquired businesses, products or technologies may not generate sufficient revenue to offset acquisition costs;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience; and
- key personnel of an acquired company may decide not to work for us.

If any of these risks occurred, it could adversely affect our business, financial condition and operating results. We cannot assure you that we will be able to identify or consummate any future acquisitions on acceptable terms, or at all. If we do pursue any acquisitions, it is possible that we may not realize the anticipated benefits from such acquisitions or that the market will not view such acquisitions positively.

Risks Related To Our Industry

Compliance with the extensive government regulations to which we are subject is expensive and time consuming, and may result in the delay or cancellation of product sales, introductions or modifications.

Extensive industry regulation has had, and will continue to have, a significant impact on our business. All pharmaceutical companies, including Halozyme, are subject to extensive, complex, costly and evolving regulation by the federal government, principally the FDA and to a lesser extent by the U.S. Drug Enforcement Administration ("DEA"), and foreign and state government agencies. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other domestic and foreign statutes and regulations govern or influence the testing, manufacturing, packing, labeling, storing, record keeping, safety, approval, advertising, promotion, sale and distribution of our products. Under certain of these regulations, Halozyme and its contract suppliers and manufacturers are subject to periodic inspection of its or their respective facilities, procedures and oper ations and/or the testing of products by the FDA, the DEA and other authorities, which conduct periodic inspections to confirm that Halozyme and its contract suppliers and manufacturers are in compliance with all applicable regulations. The FDA also conducts pre-approval and post-approval reviews and plant inspections to determine whether our systems, or our contract suppliers' and manufacturers' processes, are in compliance with current good manufacturing products and other FDA regulations. If we, or our contract supplier, fail these inspections, we may not be able to commercialize our product in a timely manner without incurring significant additional costs, or at all.

In addition, the FDA imposes a number of complex regulatory requirements on entities that advertise and promote pharmaceuticals, including, but not limited to, standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities, and promotional activities involving the Internet.

We are dependent on receiving FDA and other governmental approvals prior to manufacturing, marketing and shipping our products. Consequently, there is always a risk that the FDA or other applicable governmental authorities will not approve our products, or will take post-approval action limiting or revoking our ability to sell our products, or that the rate, timing and cost of such approvals will adversely affect our product introduction plans or results of operations.

Our suppliers and sole manufacturer are subject to regulation by the FDA and other agencies, and if they do not meet their commitments, we would have to find substitute suppliers or manufacturers, which could delay the supply of our products to market.

Regulatory requirements applicable to pharmaceutical products make the substitution of suppliers and manufacturers costly and time consuming. We have no internal manufacturing capabilities and are, and expect to be in the future, entirely dependent on contract manufacturers and suppliers for the manufacture of our products and for their active and other ingredients. The disqualification of these suppliers through their failure to comply with regulatory requirements could negatively impact our business because the delays and costs in obtaining and qualifying alternate suppliers (if such alternative suppliers are available, which we cannot assure) could delay clinical trials or otherwise inhibit our ability to bring approved products to market, which would have a material adverse affect on our business and financial condition.

We may be required to initiate or defend against legal proceedings related to intellectual property rights, which may result in substantial expense, delay and/or cessation of the development and commercialization of our products.

We rely on patents to protect our intellectual property rights. The strength of this protection, however, is uncertain. For example, it is not certain that:

- Our patents and pending patent applications cover products and/or technology that we invented first;
- we were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate our technologies;
- any of our pending patent applications will result in issued patents; and
- any of our issued patents, or patent pending applications that result in issued patents, will be held valid and infringed in the event the patents are asserted against others.

We currently own or license several U.S. and foreign patents and also have pending patent applications. There can be no assurance that our existing patents, or any patents issued to us as a result of such applications, will provide a basis for commercially viable products, will provide us with any competitive advantages, or will not face third-party challenges or be the subject of further proceedings limiting their scope or enforceability.

We may become involved in interference proceedings in the U.S. Patent and Trademark Office to determine the priority of our inventions. In addition, costly litigation could be necessary to protect our patent position. We also rely on trademarks to protect the names of our products. These trademarks may be challenged by others. If we enforce our trademarks against third parties, such enforcement proceedings may be expensive. We also rely on trade secrets, unpatented proprietary know-how and continuing technological innovation that we seek to protect with confidentiality agreements with employees, consultants and others with whom we discuss our business. Disputes may arise concerning the ownership of intellectual property or the applicability or enforceability of these agreements, and we might not be able to resolve these disputes in our favor.

In addition to protecting our own intellectual property rights, third parties may assert patent, trademark or copyright infringement or other intellectual property claims against us based on what they believe are their own intellectual property rights. While we have not ever been and are currently not involved in any litigation, in the event we become involved, we may be required to pay substantial damages, including but not limited to treble damages, for past infringement if it is ultimately determined that our products infringe a third party's intellectual property rights. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from other business concerns. Further, we may be stopped from developing, manufacturing or selling our products until we obtain a license from the owner of the relevant technology or other intellectual property rights. If such a license is available at all, it may require us to pay substantial royalties or other fees.

If third-party reimbursement is not available, our products may not be accepted in the market.

Our ability to earn sufficient returns on our products will depend in part on the extent to which reimbursement for our products and related treatments will be available from government health administration authorities, private health insurers, managed care organizations and other healthcare providers.

Third-party payers are increasingly attempting to limit both the coverage and the level of reimbursement of new drug products to contain costs. Consequently, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. If we succeed in bringing one or more of our product candidates to market, third-party payers may not establish adequate levels of reimbursement for our products, which could limit their market acceptance and result in a material adverse effect on our financial condition.

We face intense competition and rapid technological change that could result in the development of products by others that are superior to the products we are developing.

We have numerous competitors in the United States and abroad, including, among others, major pharmaceutical and specialized biotechnology firms, universities and other research institutions that may be developing competing products. Such competitors may include Sigma-Aldrich Corporation, ISTA Pharmaceuticals, Inc. (ISTA), and Allergan, Inc., among others. These competitors may develop technologies and products that are more effective or less costly than our current or future product candidates or that could render our technologies and product candidates obsolete or noncompetitive. Many of these competitors have substantially more resources and product development, manufacturing and marketing experience and capabilities than we do. In addition, many of our competitors have significantly greater experience than we do in undertaking preclinical testing and clinical tria ls of pharmaceutical product candidates and obtaining FDA and other regulatory approvals of products and therapies for use in healthcare. In particular, ISTA is developing ovine derived hyaluronidase (Vitrase™) for intraocular use, and is also being tested for peribulbar block. On May 6, 2004, the FDA approved ISTA's Vitrase™ for use as a spreading agent, the same indication we plan to seek for Enhanze SC™.

We are exposed to product liability claims, and insurance against these claims may not be available to us on reasonable terms or at all.

We might incur substantial liability in connection with clinical trials or the sale of our products. Product liability insurance is expensive and in the future may not be available on commercially acceptable terms, or at all. We do not currently carry product liability insurance, although we plan to acquire it within the next 12 months. A successful claim or claims brought against us in excess of our insurance coverage could materially harm our business and financial condition.

Cautionary Statement Regarding Forward-Looking Statements

Some statements in this prospectus contain certain "forward-looking" statements of management of Halozyme. Forward-looking statements are statements that estimate the happening of future events and are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may," "shall," "could," "expect," "estimate," "anticipate," "predict," "probable," "possible," "should," "continue," or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guarantee, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. We cannot guarantee that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

USE OF PROCEEDS

We will not receive proceeds from the sale of shares under this prospectus, but we did receive consideration from the selling security holders at the time they purchased the shares. We may receive proceeds from the exercise price of the warrants if they are exercised by the selling security holders. Assuming the exercise of all the selling security holders' warrants, we would receive gross proceeds of approximately $15,980,817. The weighted average exercise price of the warrants is $1.53 per share. We intend to use any proceeds from exercise of the warrants for working capital and general corporate purposes.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Halozyme's common stock is quoted on the OTC Bulletin Board under the symbol "HZYM." Our common stock has been traded on the OTC Bulletin Board since March 12, 2004. Prior to that date, our common stock was not actively traded in the public market and it traded under the symbol "GYHT" representing Global Yacht Services, Inc. For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

Fiscal Year 2004	**High Bid**	**Low Bid**
First Quarter	$4.75	$0.02

Fiscal Year 2003	**High Bid**	**Low Bid**
First Quarter	n/a	n/a
Second Quarter	$0.12	$0.05
Third Quarter	$0.10	$0.05
Fourth Quarter	$0.10	$0.02

Fiscal Year 2002	**High Bid**	**Low Bid**
First Quarter	n/a	n/a
Second Quarter	n/a	n/a
Third Quarter	n/a	n/a
Fourth Quarter	n/a	n/a

Trades of our common stock are subject to Rule 15g-9 of the Securities and Exchange Commission, which rule imposes certain requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, brokers/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser's written agreement to the transaction prior to sale. The Securities and Exchange Commission also has rules that regulate broker/dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in that security is provided by the exchange or system). The penny stock rules require a broker/dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker/dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. These disclosure requirements have the effect of reducing the level of trading activity in the secondary market for our common stock. As a result of these rules, investors may find it difficult to sell their shares.

Holders

As of March 31, 2004, there were approximately 120 record owners of Halozyme's common stock.

Dividends

We have never paid cash dividends and have no plans to do so in the foreseeable future. Our future dividend policy will be determined by our Board of Directors and will depend upon a number of factors, including our financial condition and performance, our cash needs and expansion plans, income tax consequences, and the restrictions that applicable laws and our credit arrangements then impose.

DILUTION

We are not selling any common stock in this offering. The selling security holders are current stockholders of Halozyme. As such, there is no dilution resulting from the common stock to be sold in this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

You should read the following discussion and analysis together with "Summary Financial Data" and the financial statements and related notes included elsewhere in this prospectus. This discussion may contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in any forward-looking statements as a result of many factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Halozyme's Results of Operations – for the three months ended March 31, 2004 and 2003.

Revenues - Halozyme has generated no revenues since its inception on February 26, 1998.

Research and Development – Our investment in research and development increased substantially in the first quarter of 2004 to $697,000 versus $206,000 in the first quarter of 2003. This increase was primarily due to the hiring of additional research and development personnel and contract manufacturer costs for development and production of our rHuPH20 enzyme for clinical use. We expect research and development costs to continue to increase in future periods as we increase our research efforts and continue to develop and manufacture our first two products.

General and Administrative – Our general and administrative expenses were $511,000 in the first quarter of 2004 versus $46,000 in the first quarter of 2003. This increase was primarily due to the hiring of additional administrative personnel and the increased legal and accounting fees associated with becoming a public reporting entity. We anticipate that compliance with provisions of the Sarbanes-Oxley Act of 2002, including Section 404 relating to audits of our internal controls, will increase our general and administrative costs in future periods.

Other Income and Expense – We earned $7,000 in interest income during the first quarter of 2004 versus $20,000 in interest expense during the first quarter of 2003. The increase in interest income was due to an increase in cash and cash equivalents resulting from the completion of an $8.1 million capital investment during January, 2004. The interest expense during the 2003 quarter was due to interest expense on outstanding notes payable. Other income and expense also includes $84,000 of liabilities assumed as a result of the Merger.

Net Loss – Net loss for the first quarter of 2004 was $1,284,000, or $0.08 per common share, compared to $272,000, or $0.03 per common share for the first quarter of 2003. The increase in net loss was due to an increase in operating expenses, reflecting our increased research and development efforts and additional personnel.

Liquidity and Capital Resources – Net cash used in operations was $879,000 during the first quarter of 2004 versus $358,000 of cash used in operations during the first quarter of 2003. This increase was due to an increase in personnel and our increased research and development efforts.

Net cash used in investing activities was $42,000 during the first quarter of 2004. This was due to the purchase of property and equipment during the quarter. No cash was used in investing activities during the first quarter of 2003.

Net cash provided by financing activities was $7,870,000 during the first quarter of 2004 versus $434,000 during the first quarter of 2003. In January, 2004, we sold common stock for approximately $8,057,000, or $7,670,000 net of issuance costs. Additionally, we received approximately $200,000 in proceeds from stock option and warrant exercises during the first quarter of 2004. During the first quarter of 2003, we received $434,000 from the issuance of notes and the related accrued interest on those notes.

We have net operating loss carryforwards of approximately $4 million for federal income tax purposes which begin to expire in 2018. The Tax Reform Act of 1986 contains provisions that limit the amount of federal net operating loss carryforwards that can be used in any given year in the event of specified occurrences, including significant ownership changes. If these specified events occur, or are deemed to have occurred, we may lose some or all of the tax benefits of these carryforwards. We believe that it is likely that there have been ownership changes as defined in Internal Revenue Code Section 382 during this period of losses, and therefore a tax value computation is required to determine the applicable annual limitation applied to the utilization of the net operating loss carryforwards. While we do not believe that the limitations, if any, would impair our ability to use our net operating losses, the extent of such limitations has not yet been determined. A valuation allowance has been recognized for the full amount of the deferred tax asset created by these carryforwards.

In the near term, we intend to use our cash on hand to support our ongoing operating and financing requirements, such as ongoing research and development efforts, expansion of our manufacturing capabilities, and capital expenditures, as well as to meet our working capital requirements. Our long-term liquidity will depend on our ability to commercialize our first two products, Cumulase™ and Enhanze SC™, and may require us to raise additional funds through public or private financing, bank loans, collaborative relationships or other arrangements. We can give no

assurance that such additional funding will be available on terms attractive to us, or at all. We have concluded the old business of Global.

Halozyme's Results of Operations - for the years ended December 31, 2003 and 2002.

Revenue. Halozyme has generated no revenues since its inception on February 26, 1998.

Research and Development. For the year ended December 31, 2003, Halozyme had research and development expenses of $1.1 million compared to $0.8 million for the year ended December 31, 2002, an increase of approximately $0.3 million. The majority of this increase was due to the hiring of additional research and development personnel, facilities costs, and the use of outside services as the Company increased its research and development efforts and began production of its PH20 enzyme for clinical use.

General and Administrative. For the year ended December 31, 2003, Halozyme had general and administrative expenses of $0.6 million compared to $0.4 million for the year ended December 31, 2003, an increase of $0.2 million This increase was due to increased personnel and related expenses.

Other Income and Expense. For the year ended December 31, 2003, Halozyme had other expenses of $0.4 million compared to $19,000 in other income for the year ended December 31, 2002. This increase in other expense was primarily due to interest expense on notes payable and interest expense due to the beneficial conversion feature on notes issued in 2003.

Net Loss. For the year ended December 31, 2003, Halozyme's net loss was $2.1 million compared to $1.1 million for the year ended December 31, 2002. The increase in net loss was due to an increase in operating expenses, reflecting Halozyme's increased research and development efforts and additional personnel.

Global's Results of Operations - for the years ended December 31, 2003 and 2002.

Revenue. For the year ended December 31, 2003, Global realized revenues of $25,705 compared to $87,769 for the year ended December 31, 2002. The decrease in revenues was due to a decrease in yacht rentals, charters and management services compared to 2002. Cost of revenues for the year ended December 31, 2003 was $27,003 compared to $74,674 for the year ended December 31, 2002. Gross profit for the year ended December 31, 2003 was negative $1,298, compared to $13,095 for the year ended December 31, 2002. Because Global decreased the scope and volume of its operations and was preparing for its Merger with Halozyme, Global had lower revenues, costs of revenues and gross profit for the year ended December 31, 2003 compared to the year ended December 31, 2002.

Operating Expenses. For the year ended December 31, 2003, Global had total operating expenses of $77,793 compared to $78,358 for the year ended December 31, 2002. For the year ended December 31, 2003, the majority of those expenses were represented by legal and professional fees of $59,860 as Global incurred significant legal expenses to prepare for the merger with Halozyme.

Net Loss. For the year ended December 31, 2003, Global had a net loss of $79,091 compared to $65,263 for the year ended December 31, 2002. The increase in net loss was due to lower revenues in 2003 compared to 2002 while expenses did not materially change.

Liquidity and Capital Resources. Global had cash and total assets of $47,517 as at December 31, 2003. As previously discussed in the Prospectus Summary section, Global consummated its merger with Halozyme on March 11, 2004. On that date, Halozyme had cash and cash equivalents of approximately $7.6 million. We believe that Halozyme's current available cash is sufficient to fund operations for the balance of 2004.

Halozyme's Plan of Operation for the Next Twelve Months.

As previously mentioned, Global merged with Halozyme on March 11, 2004. The old business of Global has ceased to operate. Global's board and management have resigned and Halozyme's board and management have assumed operational control of the new entity with Halozyme as the accounting acquirer. In management's opinion, to achieve our business plan in the next twelve months, Halozyme will strive to attain the following milestones:

- *Cumulase™:* We have already completed our milestone of securing worldwide non-exclusive distribution agreements for our Cumulase™ product. In connection with these recently concluded distribution agreements, we anticipate filing a 510(k) application in the fourth quarter of this year. If we receive FDA clearance, we could launch this product by the end of the fourth quarter of 2004.
- *Enhanze SC™:* We are currently in discussions with a potential sales and marketing partner for our Enhanze SC™ product. Our objective is to finalize these discussions in the third quarter of 2004. We envision that such a partnership may allow the Company to retain all the intellectual property, clinical development and manufacturing rights, while the partner would contribute sales and marketing efforts to sell the product in selected markets. Currently, we are in the process of producing our registration batches and plan on filing a NDA in the first quarter of 2005 for this product, assuming we satisfy the appropriate regulatory requirements.
- *Chemophase™:* We are currently in pre-clinical development with our Chemophase™ product. Our objective is to complete this work by the end of the first quarter of 2005 and file an IND by the end of the second quarter of 2005, assuming we satisfy the appropriate regulatory requirements.

In addition, we believe we have sufficient cash on hand to achieve the following milestones described above: (1) filing our 510(k) application for Cumulase™ and launching the product by the end of 2004, (2) securing a sales and marketing partner and filing an NDA in the first quarter of 2005 for our Enhanze SC™ product, (3) and completing the pre-clinical work for our Chemophase™ product. We will require additional capital in order to launch Enhanze SC™, if approved, and file an IND for Chemophase™.

Our research and development expenses consist primarily of costs associated with the development and manufacturing of our product candidates, compensation and other expenses for research and development personnel, supplies and materials, costs for consultants and related contract research, facility costs, amortization and depreciation. We charge all research and development expenses to operations as they are incurred. Our research and development activities are primarily focused on the development of our Cumulase™ and Enhanze SC™ product candidates which are both based on our recombinant human PH20 (rHuPH20) enzyme, a human synthetic version of hylauronidase. We are also developing Chemophase™, which is also based on our recombinant PH20, enzyme, and are currently conducting preclinical studies in animal models.

Since our inception through March 31, 2004, we incurred research and development costs of $3.1 million. From January 1, 2002 through March 31, 2004, approximately 90% of our research and development costs were associated with the research and development of our recombinant human PH20 enzyme used in our Cumulase ™ and Enhanze SC ™ product candidates. Due to the uncertainty in obtaining FDA approval, our reliance on third parties, and competitive pressures, we are unable to estimate with any certainty the additional costs we will incur in the continued development of our Cumulase ™ , Enhanze SC ™ , and Chemophase ™ product candidates for commercialization. However, we expect our research and development costs to increase substantially if we are able to advance our product candidates into later stages of clinical development.

Clinical development timelines, likelihood of success, and total costs vary widely. Although we are currently focused primarily on advancing Cumulase™, Enhanze SC ™ , and Chemophase ™ , we anticipate that we will make determinations as to which research and development projects to pursue and how much funding to direct to each project on an on-going basis in response to the scientific and clinical progress of each product candidate.

Product candidate completion dates and costs vary significantly for each product candidate and are difficult to estimate. The lengthy process of seeking regulatory approvals, and the subsequent compliance with applicable regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could cause our research and development expenditures to increase and, in turn, have a material adverse effect on our results of operations. While we anticipate filing a 510(k) for our Cumulase ™ product in the fourth quarter of 2004, a NDA for our Enhance SC ™ product in the first quarter of 2005, and an IND for our Chemophase ™ product in the second quarter of 2005, we cannot be certain when or if any net cash inflow from these products or any of our other development projects will commence.

After giving effect to the Merger, substantial additional capital will be required to implement our business plan. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution and such securities may have rights, preferences and privileges senior to those of our common stock. There can be no assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund expansion, take advantage of unanticipated acquisition opportunities, develop or enhance services or products or respond to competitive pressures. Such inability could materially harm our business, results of operations and financial

condition.

Off-Balance Sheet Arrangements. We do not have any off-balance sheet arrangements.

DESCRIPTION OF BUSINESS

Our Business Development

Halozyme Therapeutics, Inc. is a Nevada corporation, which was originally formed on February 21, 2001 under the name Global Yacht Services, Inc. Effective March 11, 2004, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of January 28, 2004, among privately held DeliaTroph Pharmaceuticals, Inc. dba Hyalozyme Therapeutics, Inc. ("Halozyme"), Global Yacht Services, Inc. ("Global") and Hyalozyme Acquisition Corporation ("Merger Sub"), a wholly owned subsidiary of Global, the Merger Sub merged with and into Halozyme, with Halozyme remaining as the accounting acuquirer and surviving corporation (the "Merger").

Although Global acquired Halozyme as a result of the Merger, the stockholders of Halozyme hold a majority of the voting interest in the combined enterprise. Immediately prior to the Merger, Halozyme had 119 stockholders. Additionally, the Merger resulted in Halozyme's management and Board of Directors assuming operational control of Global.

The following lists a summary of the structure of the Merger and matters completed in connection therewith:

- On January 28, 2004, pursuant to an investment round completed simultaneously with the signing of the Merger Agreement, Halozyme raised equity capital of approximately $8.1 million.
- The shareholders of Global amended and restated Global's Articles of Incorporation to change Global's corporate name to Halozyme Therapeutics, Inc., increased the authorized number of shares of common stock to 100 million, and authorized 20 million shares of preferred stock.
- Global issued 35,521,906 shares of its restricted common stock, 6,380,397 options and 11,742,665 warrants to purchase shares of its common stock to the stockholders of Halozyme in exchange for 100% of their issued and outstanding common stock, options and warrants to purchase Halozyme's common stock.
- A total of 4,296,362 shares of Global's outstanding common stock were redeemed by Global from three stockholders in exchange for $42,303, or approximately $0.01 per share.
- At the conclusion of the Merger, Global's stockholders owned approximately 10% of the issued and outstanding shares of Halozyme's common stock, based on 39,421,906 shares outstanding after the Merger.

The Merger Agreement may be found at Exhibit A to Global's definitive Schedule 14C Information Statement, as filed with the Securities and Exchange Commission on February 17, 2004.

Our Business prior to the Merger.

Global's revenues were derived from yacht rentals and charters as well as management services, which included providing routine maintenance, repairs and electronics installation to its customers' yachts. Regular maintenance includes services such as exterior and interior cleaning, bottom cleaning, waxing, and zinc replacement.

Our Business following the Merger.

General

Halozyme was founded on February 26, 1998. We are a development stage biopharmaceutical company dedicated to the development and planned commercialization of recombinant human enzymes for the infertility, ophthalmology, and oncology communities. Our products under development are based on intellectual property covering the family of human enzymes known as hyaluronidases. Hyaluronidases are enzymes (proteins), which break down hyaluronic acid, which is a naturally occurring substance in the human body. Currently, we have no products and all of our potential products are either in the discovery, pre-clinical, pre-NDA or pre-510(k) stage. It may be years, if ever, before we are able to obtain the necessary regulatory approvals necessary to generate meaningful revenue from the sale of these potential products. In addition, we have never generated any revenue; have had operating and net losses each year since inception; and our auditors have raised substantial doubt that we will have the ability to continue as a going concern. We have accumulated a deficit of $5,264,927 from inception through March 31, 2004.

Technology

Our technology is based on recombinant human PH20 (rHuPH20), a human synthetic version of hyaluronidase that degrades hyaluronic acid, a space-filling "gel"-like substance that is a major component of tissues throughout the body, such as skin and cartilage. The PH20 enzyme is a naturally occurring enzyme that digests hyaluronic acid to temporarily break down the gel, thereby facilitating the penetration and diffusion of other drugs that are injected in the skin or in the muscle.

Bovine and ovine derived hyaluronidases have been used in multiple therapeutic areas, including in vitro fertilization and ophthalmology, where a FDA-approved bovine version was used as a drug delivery agent to enhance dispersion of local anesthesia for cataract surgery for over 50 years. Despite the multiple potential therapeutic applications for hyaluronidase, there are problems with existing and potential animal derived product offerings, including:

- *Impurity:* Most such commercial enzyme preparations are crude extracts from cattle testes and are typically less than 1-5% pure.
- *Prion disease:* Cattle testes are an organ with the highest concentration of hyaluronidase, but also with the highest levels of a protein implicated in the development of neurodegenerative disorders associated with prion disease, such as "Mad Cow Disease."
- *Immunogenicity:* Hyaluronidases can also be found in bacteria, leeches, certain venoms, and marine organisms. Very few companies are pursuing clinical development of any of these enzymes. Regardless, all such preparations are non-human, and are therefore likely to elicit potent immune reactions, possess endotoxin, or have some of the same defects as slaughterhouse derivations.

There have been successes in replacing animal product derived drugs with human recombinant biologics, as in the case of insulin, Pulmozyme and human growth hormone. Our objective is to execute this recombinant human enzyme replacement strategy by applying our products under development to key markets in multiple therapeutic areas, beginning with in-vitro fertilization (IVF) and ophthalmology.

As an alternative to the existing animal product derived drugs, our proprietary technology, as evidenced by our exclusive license with the University of Connecticut of the patent covering the DNA sequence which encodes human hyaluronidase, may both expand existing markets and create new ones. Gaps in existing hyaluronidase offerings may create demand for our solution, and provide opportunities to capture market share.

Strategy

We are pursuing a recombinant human enzyme replacement strategy to replace animal- derived hyaluronidase enzymes currently on the market. Our objective is to develop and commercialize our first enzyme, recombinant human hyaluronidase (rHuPH20), as a medical device, drug enhancement agent, and therapeutic biologic. Key aspects of our corporate strategy include the following:

- Obtain regulatory approval of our developmental product, Cumulase™ as a medical device;
- If approved, commercialize Cumulase™ through our distributors;
- File an NDA for our developmental product, Enhanze SC™;
- Establish a sales and marketing partnership for Enhanze SC™.

See the "Halozyme's Plan of Operation for the Next Twelve Months" section within the "Management's Discussion and Analysis and Plan of Operation" section of this prospectus for a more detailed discussion of our corporate strategy.

Product Development Programs

We have six product candidates targeting multiple indications in various stages of development. The following table summarizes our lead clinical product and pipeline candidates:

Product	Indication	Development Status
Cumulase™	In-vitro fertilization	Pre-510(k)
Enhanze SC™	Spreading factor for anesthesia	Pre-NDA
Chemophase™	Chemoadjuvant for solid tumors	Pre-clinical
HTI-101	Inflammation, lysosomal storage disorders	Discovery
HTI-201	Inflammation, Oncology	Discovery
HTI-401	Central nervous system trauma and disorders, wound healing	Discovery

Cumulase ™

Cumulase™ is an ex vivo (used outside of the body) formulation of rHuPH20 to replace the bovine enzyme currently used for the preparation of oocytes (eggs) prior to IVF during the process of intracytoplasmic sperm injection (ICSI), in which the enzyme is an essential component. The enzyme strips away the hyaluronic acid that surrounds the oocyte. This allows the clinician to then perform the ICSI procedure, injecting the sperm into the oocyte. The FDA considers hyaluronidase IVF products to be medical devices subject to 510(k) approval, and because a 510(k) approval would not require extensive clinical trials, we have a unique opportunity to potentially bring rHuPH20 technology to market as early as 2004. The total Cumulase™ market consists of an estimated 500,000 intracytoplasmic sperm injection cycles worldwide in 2004 (Source: CDC, 2001; ESHRE, 2002).

Enhanze SC ™

Enhanze SC™ is a local formulation of rHuPH20 to replace Wydase®, Wyeth's discontinued bovine enzyme previously used for over 50 years as a drug delivery agent to enhance dispersion of local anesthesia for ophthalmic surgery, particularly in cataract surgery. We plan to submit a New Drug Application (NDA) in the first quarter of 2005. The market consists of approximately 6.4 million local anesthesia procedures (or 45% of the 14.2 million total estimated cataract surgery procedures) worldwide in 2004 (Source: Medtech Insight, 2002; Marketscope, 2001; Review of Ophthalmology, 2003). Our NDA may facilitate approval for multiple additional indications, including other types of surgery requiring local anesthesia, such as cosmetic surgery.

Enhanze SC™ may also facilitate the penetration and dispersion of other drugs by temporarily opening flow channels under the skin. Molecules as large as 200 nanometers may pass freely through the perforated extracellular matrix which recovers its normal density within 24 hours, leading to a drug delivery platform which does not permanently alter the architecture of the skin. Halozyme intends to seek partnerships with pharmaceutical companies that market drugs requiring injection via the subcutaneous or intramuscular routes that could benefit from this technology.

Local anesthesia and other small molecule drugs: A natural extension of Enhanze SC™ would be applying this technology, used as a spreading factor for local anesthetics around the eye, to other areas of the body. For example, lidocaine and bupivacaine are administered for most minor surgical operations requiring local anesthesia.

Subcutaneous Fluid Replacement (SFR): Our Enhanze SC™ may also facilitate a procedure known as hypodermoclysis, which allows subcutaneous delivery of fluids up to 1 liter without the need for intravenous access. Importantly, fluid replacement in terminal patients may be achieved without the need for nursing assistance. This was an approved indication of Wydase®. Over 1.1 million SFR infusions are performed per year with hospice patients alone (Source: Company estimates based on National Hospice and Palliative Care Organization data, 2001). However, over 500 million infusion bags are utilized annually in the United States alone, many of which could potentially convert to SFR using Enhanze™ Technology, creating a significant potential market opportunity (Source: B. Braun, 2003).

Chemophase ™

Enhanze™ Technology may also be utilized in a high unit, intravenous or local formulation to deliver chemotherapy to previously chemorefractory tumors in patients with brain, breast, head and neck, colon, lung, and other malignancies that accumulate hyaluronic acid. Bovine material has shown activity in clinical trials with pediatric brain tumors. We have a material transfer agreement with the research group that ran these trials. The market for cancer biologics, such as Herceptin for breast cancer and Rituxan for Non-Hodgkin's Lymphoma, was $6.7 billion in 2001 (as reported by Freedonia, 2003).

HTI-101

Our HTI-101 discovery program is focused on the development of new clinical applications for our second patented enzyme. We intend to leverage our knowledge of this family of enzymes to develop new indications for HTI-101 in the fields of inflammation and lysosomal storage diseases.

HTI-201

We have a patented discovery program surrounding another enzyme for use in inflammation and oncology. We intend to leverage our recombinant protein expression capacity to develop this technology.

HTI-401

HTI-401 is a fourth patented enzyme in our portfolio that has unique substrate specificity. We intend to develop manufacturing systems for HTI-401 to explore its use in CNS trauma and wound healing.

Collaborations

We have collaborations underway using our recombinant hyaluronidase technology for gene therapy delivery and for solid tumor chemosensitization. Our research collaboration with the Schering Plough Research Institute involves the testing of rHuPH20 hyaluronidase for enhanced gene therapy delivery. The research collaboration with the Ludwig Boltzmann Institute of Clinical Oncology in Vienna, Austria is exploring the effects of rHuPH20 on the sensitivity of tumor cells to chemotherapeutic agents. These programs are collaborative research programs supplying recombinant enzyme with partners that have expertise in relevant pre-clinical models or have drugs that may benefit from our Enhanze™ Technology programs.

Sales and Marketing

Cumulase ™

Our sales and marketing strategy in the IVF market will consist of a multi-channel approach that targets patients, clinicians, suppliers, and regulators. We will raise public awareness of the current risk of using animal-derived products in IVF applications among industry professionals and the general public through direct contact with target audiences, advertising in trade journals, presentations and booths at conferences and trade shows, mass mailings, Web initiatives, and brand-building efforts such as press releases and other public relations efforts. Direct contact could include communicating with key advocacy groups, meeting with FDA officials, and attending specialty conferences. We anticipate spending as much as $100,000 on these various programs during 2004.

One of the highest impact target audiences will be the Society for Assisted Reproductive Technology (SART), which is the leading organization of professionals dedicated to the practice of assisted reproductive technologies in the United States. The organization includes over 370 members, which represents over 95% of the ART clinics in the nation. We will use efficacy and safety data to recruit key thought leaders and practitioners from this organization to help promote the use of Cumulase™ over existing preparations.

There are approximately eight known suppliers of IVF reagents and media, including micromanipulation media that contain hyaluronidase preparations. All of these suppliers sell animal-derived enzymes, and would benefit greatly from having the opportunity to supply clinics with a human recombinant hyaluronidase. We are seeking to establish non-exclusive distribution agreements with a subset of these suppliers to serve the worldwide marketplace. As of April 19, 2004, we have signed three such worldwide distribution agreements with key suppliers serving this market. The agreements are with MediCult AS, a Denmark-based distributor with strengths in the European market, MidAtlantic Diagnostics, Inc., a New Jersey-based distributor with strengths in the North American market, and Cook Ob/Gyn Incorporated, an Indiana-based distributor with strengths in the worldwide market. These three agreements are non-exclusive distribution agreements, having five year terms with renewal options for an additional two or three years, and granting each of our distributors the right to purchase Cumulase™ from us and resell it to end users.

Enhanze SC ™

We are seeking to establish a distribution agreement with a potential sales and marketing partner that may include a large, diversified medical products and pharmaceutical company, or a focused global ophthalmics company to help market and sell Enhanze SC™.

Competition

Cumulase ™

A strong clinical selling point for Cumulase™ is that it may eliminate the risk of animal pathogens and toxicity inherent in slaughterhouse preparations. The competing enzymes are of animal origin, creating an opportunity for Halozyme to enter the market with a recombinant human enzyme replacement. The leading IVF suppliers are CooperSurgical, Irvine Scientific, MidAtlantic Diagnostics, and Cook Ob/Gyn (bovine products) in the US, and MediCult (ovine) and Vitrolife (bovine) outside the US.

Enhanze SC ™

Some commercial pharmacies now compound hyaluronidase preparations for institutions and physicians. However, there are several concerns with using an extemporaneously compounded sterile product. Compounded preparations are not FDA-approved products. Some compounding pharmacies do not test every batch of product for drug concentration, sterility, and lack of pyrogens. The American Academy of Ophthalmology therefore recommends that compounded ophthalmic products be used within 30 days of preparation to minimize bacterial overgrowth and drug decomposition. Another manufacturer, ISTA Pharmaceuticals, Inc. (ISTA), is developing ovine derived hyaluronidase (Vitrase™) for intraocular use, and is also being tested for peribulbar block. On May 6, 2004, the FDA approved ISTA's Vitrase™ for use as a spreading agent, the same indication we plan to seek for Enhanze SC™.

Patents and Proprietary Rights

Our intellectual property portfolio includes six recently issued and four pending composition of matter and utility patents encompassing all four of the clinically relevant human hyaluronidase enzymes. We believe our patent position surrounding recombinant human hyaluronidases and their methods of manufacture is a key barrier to entry. Patent protection from pending applications may extend the life of our intellectual property estate through 2024.

Development and Manufacturing

We have signed an agreement with Avid Bioservices, Inc. ("Avid"), a contract manufacturing organization, to produce bulk recombinant enzyme product for clinical use. Avid will manufacturer will produce the active pharmaceutical ingredient under commercial good manufacturing practices for commercial scale validation and will provide support for chemistry, manufacturing and controls sections for FDA regulatory filings. The value of the contract is approximately $1,500,000 and is payable as milestones are achieved over the term of the contract in 2004. We have not established and may not be able to establish arrangements with additional manufacturers for these ingredients or products should the existing supplies become unavailable or in the event that Avid is unable to adequately perform its responsibilities. Difficulties in our relationship with Avid or delays or interruptions in their supply of its requirements could limit or stop its ability to provide sufficient quantities of our products, on a timely basis, for clinical trials and, if our products are approved, could limit or stop commercial sales, which would have a material adverse effect on our business and financial condition.

Employees

At May 31, 2004, we had 14 full-time employees. Nine of our employees are involved in research and clinical development activities. Five employees hold Ph.D. or M.D. degrees. We anticipate hiring five to ten additional employees by the end of 2004.

Property

Our administrative offices and research facilities are located in San Diego, California. We lease approximately 5,700 square feet of office space for approximately $11,500 per month. The lease term expires on June 30, 2005. We believe the space is adequate for our immediate needs. Additional space may be required as we expand our research and development activities. We do not foresee any significant difficulties in obtaining any required additional facilities.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Jonathan E. Lim, MD (32), President & Chief Executive Officer and Chairman of the Board. Dr. Lim joined Halozyme in 2003. From 2001 to 2003, Dr. Lim was a management consultant at McKinsey & Company, where he specialized in the health care industry, serving a wide range of start-ups to Fortune 500 companies in the biopharmaceutical, medical products, and payor/provider segments. From 1999 to 2001, Dr. Lim was a recipient of a National Institutes of Health Postdoctoral Fellowship, during which time he conducted clinical outcomes research at Harvard Medical School. He has published articles in peer-reviewed medical journals such as the Annals of Surgery and the Journal of Refractive Surgery. Dr. Lim's prior experience also includes two years of clinical training in general surgery at the New York Hospital-Cornell Medical Center and Memorial Sloan-Kettering Cancer Center; Founder and President of a seed-stage health care company; Founding Editor-in-Chief of the McGill Journal of Medicine; and basic science and clinical research at the Salk Institute for Biological Studies and Massachusetts Eye and Ear Infirmary. Dr. Lim is currently a California-licensed physician and member of the strategic planning committee of the American Medical Association. He earned his BS with honors and MS degrees in molecular biology from Stanford University, his MD degree from McGill University, and his MPH degree in health care management from Harvard University.

Gregory I. Frost, PhD (32), Vice President & Chief Scientific Officer and Director. Dr. Frost joined Halozyme in 1999 and has spent more than ten years researching the hyaluronidase family of enzymes. From 1998 to 1999, he was a Senior Research Scientist at the Sidney Kimmel Cancer Center (SKCC), where he focused much of his work developing the hyaluronidase technology. Prior to SKCC, his research in the Department of Pathology at the University of California, San Francisco, led directly to the purification, cloning, and characterization of the human hyaluronidase gene family, and the discovery of several metabolic disorders. He has authored 13 scientific peer-reviewed and invited articles in the Hyaluronidase field and is an inventor on numerous patents. Frost's prior experience includes serv ing as a scientific consultant to a number of biopharmaceutical companies, including Q-Med (SE), Biophausia AB (SE), and Active Biotech (SE). Dr. Frost is registered to practice before the US Patent Trademark Office, and earned his BA in biochemistry and molecular biology from the University of California, Santa Cruz, and his PhD in the department of Pathology at the University of California, San Francisco, where he was an ARCS-Scholar.

David A. Ramsay, MBA (39), Vice President & Chief Financial Officer. Mr. Ramsay joined Halozyme in 2003 and brings 17 years of corporate financial experience spanning several industries. From 2000 to 2003, he was Vice President, Chief Financial Officer of Lathian Systems, a provider of technology-based sales solutions for the life sciences industry. Prior to Lathian, Mr. Ramsay was the Vice President, Treasurer of ICN Pharmaceuticals, a multinational, specialty pharmaceutical company. Mr. Ramsay joined ICN in 1998 from ARCO, where he spent four years in various financial roles, most recently serving as Manager of Financial Planning & Analysis for the company's 1,700-station West Coast Retail Marketing Network. Prior to ARCO, he served as Vice President, Controller for Securi ty Pacific Asian Bank, a subsidiary of Security Pacific Corporation. He began his career as a Senior Auditor (CPA) at Deloitte & Touche after graduating from the University of California, Berkeley with a BS degree in Business Administration. Mr. Ramsay earned his MBA degree with a dual major in Finance and Strategic Management from The Wharton School at the University of Pennsylvania.

Don A. Kennard (57), Vice President of Regulatory Affairs & Quality Assurance. Mr. Kennard joined Halozyme in 2004 and brings to Halozyme nearly 30 years of professional senior management experience in the fields of regulatory affairs (RA), clinical programs, and quality assurance (QA). He has worked directly with the U.S. Food and Drug Administration (FDA), as well as regulatory authorities of various foreign ministries of health, to secure registration, authorize commercialization, and successfully implement quality programs, for a broad range and extensive number of product approvals across pharmaceuticals, biologics, medical devices, and diagnostics. Prior to Halozyme, Mr. Kennard was Vice President of Worldwide RA/QA at Quidel, Inc., a manufacturer of diagnostic products, where he led the RA/Q A and Clinical functions, while also establishing a Quality System CE marking program that enabled Quidel to expand and sustain sales in the EU. From 1991 to 2001, he was Vice President of RA/QA/R&D for Nobel Biocare, Inc. and Steri-Oss (acquired by Nobel Biocare), where he directed all regulatory affairs, quality assurance, clinical trials, and R&D activities. From 1981 to 1991, Mr. Kennard was Director of RA/QA at Allergan, Inc., where he directed regulatory affairs, quality assurance and quality control in the development and manufacture of prescription and OTC ophthalmic and dermatological drugs, injectable drugs, biotechnology products, and ophthalmic products. Prior to Allergan, he was Director of Quality Control at B. Braun. Mr. Kennard holds a BS degree in Microbiology and a Regulatory Affairs Certificate.

Carolyn M. Rynard, PhD (48), Vice President of Product Development & Manufacturing. Dr. Rynard joined Halozyme in 2003. Dr. Rynard's career in drug development spans 20 years in the pharmaceutical and biotech industries. Her broad experience includes project management, formulation, manufacturing, clinical supplies, validation, medical devices, and quality systems. From 2001 to 2003, Dr. Rynard was Vice President of Product Development at Medinox, Inc., where she was directly responsible for Medinox's Chemistry, Manufacturing, and Control, formulation, analytical methods, and specification development. From 1994 to 2001, she worked for Amylin Pharmaceuticals, Inc., a San Diego, California-based pharmaceutical company where she held various positions of increasing responsibility, serving most recently as Senior Director of Product Development. At Amylin, Dr. Rynard managed seven functional areas and wrote CMC sections for US NDAs and investigational new drug applications; European m arketing authorization applications and clinical trial exemptions; as well as device 510(k) and CE mark technical files. Prior to joining Amylin, Dr. Rynard held various R&D positions at Baxter Healthcare and at Du Pont. Dr. Rynard earned her BSc degree in Chemistry and Biochemistry from the University of Toronto, and her PhD in Physical and Organic Chemistry from Stanford University.

Mark S. Wilson, MBA (43), Vice President of Business Development. Mr. Wilson joined Halozyme in 2003 and has spent more than 15 years in the biotechnology/pharmaceutical industry, having most recently served as Founder and CEO of Biophysica Science, Inc. and Director of Strategic External Alliance Management at Pfizer Global R&D – La Jolla from 2001 to 2003. From 1996 to 2001, Mr. Wilson was Associate Director of Materials at Agouron Pharmaceuticals, Inc., where he identified and negotiated international supply agreements in excess of $120 million annually and served as Materials Manager for the launch of Viracept®. From 1991 to 1996, Mr. Wilson was an Associate Director at Gensia Laboratories, Ltd., where he directed a wide range of business operations. Prior experience al so includes various management and operational roles at Hybritech, Ferro Corporation, and TRW, Inc. Mr. Wilson earned his BS degree in engineering from the University of California, Berkeley, and his MBA degree at the Anderson Graduate School of Management at the University of California, Los Angeles.

John S. Patton, PhD (56), Director. Dr. Patton is co-Founder and Vice President, Research of Nektar Therapeutics (formerly Inhale Therapeutic Systems) and has served as Chief Scientific Officer since November 2001 and as a director since July 1990. He is an expert in the delivery of peptides and proteins. Before co-founding Inhale, Dr. Patton led the drug delivery group at Genentech, Inc., where he demonstrated the feasibility of systemic delivery of large molecules through the lungs. Prior to joining Genentech, Inc., he was a tenured professor at the University of Georgia. He has published a wide range of articles and has presented his work in national and international arenas. Dr. Patton received his Ph.D. in Biology from the University of California, San Diego, and held post-doctoral positions in biomedicine at Harvard Medical School and the University of Lund in Sweden. Dr. Patton chairs the Scientific and Clinical Advisory Board of Halozyme.

Robert Engler, MD (59), Director. Dr. Engler spent his career as a Cardiologist at the Veterans Affairs Medical Center and the University of California, San Diego, where he retired as Professor Emeritus in 2001. While at the VA Center, Dr. Engler served as Associate Chief of Staff and Chief of Research and was an attending physician, in addition to running an active cardiovascular research laboratory. His research and clinical work led to the founding of two successful biotechnology companies: Gensia, Inc., and Collateral Therapeutics, Inc. He also founded and served as President of the Veterans Medical Research Foundation. Dr. Engler graduated from Georgetown Medical School.

Kenneth Kelley, MBA (45), Director. Mr. Kelley brings over 20 years of entrepreneurial, venture capital, operational and technical biotechnology experience to Halozyme. Previously, he was a General Partner at Latterell Venture Partners, where he made investments in early stage biotechnology and medical device startups. Mr. Kelley founded IntraBiotics Pharmaceuticals and over eight years served as CEO, Director and Chairman. Earlier, Mr. Kelly was an Associate at Institutional Venture Partners (IVP), where he participated in the financing of 20 biotech and medical companies resulting in 15 IPO's. Prior to IVP, he was a consultant for McKinsey & Company and a scienti st at Integrated Genetics (acquired by Genzyme). He has an MBA from Stanford and a BA in biochemical sciences from Harvard.

EXECUTIVE COMPENSATION

The following table summarizes the annual compensation paid to Halozyme's named executive officers for the two years ended December 31, 2003 and 2002:

Name and Position	Year	Annual Comp Salary	Long-Term Compensation Awards – Securities Underlying Stock Options
Jonathan Lim, President, CEO, Director (1)	2003	66,667	2,471,201
Gregory Frost, VP, CSO, Director (2)	2003	92,500	1,235,601
	2002	43,333	—
David Ramsay, VP, CFO, Secretary (3)	2003	12,240	741,360
Mark Wilson, VP (4)	2003	36,674	494,240
Carolyn Rynard, VP (5)	2003	17,660	494,240

(1) Dr. Lim joined Halozyme in May, 2003. His annualized salary for 2003 was $100,000.
(2) Dr. Frost joined Halozyme in March, 1999.
(3) Mr. Ramsay joined Halozyme in November, 2003. His annualized salary for 2003 was $95,000.
(4) Mr. Wilson joined Halozyme in June, 2003. His annualized salary for 2003 was $95,000.
(5) Ms. Rynard joined Halozyme in October, 2003. Her annualized salary for 2003 was $95,000.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Mitch Keeler, our former president and director prior to the Merger with Halozyme, provided office space to us for operations at no charge. Our financial statements for the years ended 2003 and 2002 reflect the fair market value of such office space as occupancy costs, which is approximately $195 per month. The amount of occupancy costs has been included in the financial statements as an additional capital contribution by Mr. Keeler. Additionally, Mr. Keeler owns a yacht which was used for our charter services prior to the Merger with Halozyme. Mr. Keeler did not expect to be paid or reimbursed for providing the use of his yacht and for providing the office facilities, nor has he demanded such reimbursement.

Option grants in last fiscal year. The following table sets forth each grant of stock options made during the fiscal year ended December 31, 2003, to each of the named executive officers:

Name	Number of Securities Underling Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise Price	Expiration Date	Potential Realizable Value Assumed Annual Rates Stock Price Appreciation for Option Term ($)(1)	
Jonathan Lim, MD (2)	2,471,201	38.1%	$ 0.39	11/11/13	1,569,877	2,499,767
Gregory Frost, PhD (3)	1,235,601	19.1%	$ 0.43	11/11/13	865,445	1,378,077
David Ramsay (4)	741,360	11.4%	$ 0.39	11/11/13	470,963	749,930
Mark Wilson (5)	494,240	7.6%	$ 0.39	11/11/13	313,975	499,953
Carolyn Rynard, PhD (6)	494,240	7.6%	$ 0.39	11/11/13	313,975	499,953

(1) The potential realizable value at 5% and 10% annual rates of stock price appreciation for each person is based on the market price of the underlying shares of common stock on the date each option was granted.
(2) 25% of the options vested on November 11, 2003, 25% vest on May 3, 2004, 25% vest on May 2, 2005 and 25% vest on May 1, 2006.
(3) 25% of the options vest on May 3, 2004, with 1/48 of the shares vesting monthly thereafter.
(4) 25% of the options vest on November 9, 2004, with 1/48 of the shares vesting monthly thereafter.
(5) 25% of the options vest on June 8, 2004, with 1/48 of the shares vesting monthly thereafter.
(6) 25% of the options vest on October 19, 2004, with 1/48 of the shares vesting monthly thereafter.

Option exercises in Last Fiscal Year and Fiscal Year End Option Values. The following table sets forth the information with respect to stock option exercises during the year ended December 31, 2003, by the named executive officers, and the number and value of securities underlying unexercised options held by named executive officers at December 31, 2003.

	Shares Acquired Upon Exercise	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2003 (#)		Value of Unexercised In-the-MoneyOptions at December 31, 2003 ($)(1)	
Name			**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Jonathan Lim, MD	256,410	—	—	2,214,791	—	—
Gregory Frost, PhD	—	—	—	1,235,601	—	—
David Ramsay	—	—	—	741,360	—	—
Mark Wilson	—	—	—	494,240	—	—
Carolyn Rynard, PhD	—	—	—	494,240	—	—

(1) The price of Halozyme's common stock at fiscal year end minus the exercise price. The fair market value of Halozyme's common stock at the close of business on December 31, 2003 was $0.39.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Employee Benefit and Stock Plans

2004 Stock Plan

Our 2004 Stock Plan (the "Plan"), was approved by our board of directors on May 21, 2004 and will be put to a vote of our stockholders by a date no later than 12 months after the date the board approved the Plan. The following summary of the Plan is qualified in its entirety by the specific language of the Plan.

Purpose. The Plan is intended to make available incentives that will assist us to attract, retain and motivate employees whose contributions are essential to our success. We may provide these incentives through the grant of stock options and stock purchase rights.

Shares Subject to Plan. A total of 10,000,000 shares of our common stock has been authorized and reserved for issuance under the Plan. However, the actual number of awards which may be granted under the Plan shall be reduced, at all times, by the number of stock awards outstanding under our Amended and Restated 2001 Stock Plan. As of May 31, 2004, options to purchase 6,530,397 shares of our common stock were outstanding under our 2001 Stock Plan and 310,000 options to purchase shares of our common stock were outstanding under our 2004 Stock Plan. Appropriate adjustments will be made in the number of authorized shares and in outstanding awards to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to awards which expire or are cancelled or forfeited will again become available for issuance under the Plan.

Administration. The administrator of our Plan will generally be the compensation committee of our board of directors, although the board may delegate to one or more of our officers authority, subject to limitations specified by the plan and the board, to grant stock options to service providers who are neither officers nor directors of us. Subject to the provisions of the Plan, the administrator determines in its discretion the persons to whom and the times at which awards are granted, the types and sizes of such awards, and all of their terms and conditions. All awards must be evidenced by a written agreement between us and the participant. The administrator may amend, cancel or renew any award, waive any restrictions or conditions applicable to any award, and accelerate, continue, extend or defer the vesting of any award. The administrator has the authority to construe and interpret the terms of the Plan and awards granted under it. Eligibility. Awards may be granted under the Plan to our employees, including officers, directors, or consultants or those of any present or future parent or subsidiary corporation or other affiliated entity. While we may grant incentive stock options only to employees, we may grant nonstatutory stock options and stock purchase rights to any eligible participant. Stock Options. The administrator may grant nonstatutory stock options or "incentive stock options," within the meaning of Section 422 of the Internal Revenue Code, or any combination of these. The exercise price of each incentive stock option may not be less than the fair market value of a share of our common stock on the date of grant. The exercise price of each nonstatutory stock option may not be less than 85% of the fair market value of a share of our common stock on the date of grant. However, any stock option granted to a person who owns

stock possessing more than 10 percent of the total combined voting power of all classes of our stock or of any parent or subsidiary corporation must have an exercise price equal to at least 110 percent of the fair market value of a share of our common stock on the date of grant and a term not exceeding five years. The term of all other options may not exceed ten years. Options vest and become exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the administrator. Unless a longer period is provided by the administrator, an option generally will remain exercisable for three months following the participant's termination of service, except that if service terminates as a result of the participant's death or disability, the option generally will remain exercisable for twelve months, but in any event not beyond the expiration of its term.

Stock Purchase Rights. The administrator may also grant awards under the Plan in the form of a restricted stock purchase right, giving a participant an immediate right to purchase our common stock. The administrator determines the purchase price payable under restricted stock purchase right, which may not be less than 85% of the then current fair market value of our common stock. The stock received under such purchase rights may be subject to vesting conditions based on such service or performance criteria as the administrator specifies, and the shares acquired may not be transferred by the participant until vested. Unless otherwise determined by the administrator, a participant will forfeit any unvested shares upon voluntary or involuntary termination of service with us for any reason, including death or disability. Participants holding restricted stock will have the right to vote the shares and to receive any dividends paid, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award.

Change in Control. In the event of a change in control, the acquiring or successor entity may assume all stock options and stock purchase rights under the Plan or substitute substantially equivalent options and stock purchase rights. If the outstanding stock options and stock purchase rights are not assumed or replaced, then all unexercisable, unvested or unpaid portions of such outstanding awards will become immediately exercisable, vested and payable in full immediately on the date ten (10) days prior to the date of the change in control. If the outstanding stock options and stock purchase rights are not assumed by the acquiring or successor entity and are thereafter not exercised prior to the closing of the change in control, all unexercised portions of such outstanding awards will terminate. Alternatively, the administrator may provide for the cancellation of outstanding stock options or stock purchase rights in exchange for a payment in cash, stock or other property having a value equal to the difference between the exercise price of the award and the consideration payable in the change in control transaction with respect to the number of vested shares subject to the award. The administrator may also accelerate the vesting and settlement of any award upon a change in control.

Amendment and Termination. The Plan will continue in effect until the tenth anniversary of its approval by our board of directors, unless earlier terminated by the administrator. The administrator may amend, suspend or terminate the Plan at any time, provided that without stockholder approval, the plan cannot be amended to increase the number of shares authorized, change the class of persons eligible to receive incentive stock options, or effect any other change that would require stockholder approval under any applicable law or listing rule. Amendment, suspension or termination of the Plan may not adversely affect any outstanding award without the consent of the participant, unless such amendment, suspension or termination is necessary to comply with applicable law.

The following table sets forth certain information regarding the beneficial ownership of our common stock by each person or entity known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, each of our directors and named executive officers, and all of our directors and executive officers as a group as of May 31, 2004.

Name/Address of Beneficial Owner	**Amount of Owner**	**Percent of Class**
Gregory Frost (1) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	3,584,990	9.00%
Jonathan Lim (2) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	1,493,620	3.69%
David Ramsay (3) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	256,410	0.65%
Mark Wilson (4) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	194,162	0.49%
Robert Engler (5) 11588 Sorrento Valley Road, Suite 17	8,333	0.02%

San Diego, CA 92121		
Kenneth Kelley (6) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	8,333	0.02%
John Patton (7) 11588 Sorrento Valley Road, Suite 17 San Diego, CA 92121	447,471	1.13%
Elliot Feuerstein (8) 8294 Mira Mesa Blvd San Diego, CA 92126	3,504,373	8.86%
Börgstrom Family Trusts (9) c/o Ira Lechner 19811 4 th Place Escondido, CA 92029	2,710,474	6.88%
Peter Geddes (10) P.O. Box 5303 Beverly Hills, CA 90209	2,645,376	6.60%
Jonathan Spanier (11) 8732 St Ives Drive Los Angeles, CA 90069	2,800,270	7.01%
Jesse Grossman (12) 175 S. Lave Ave, #307 Pasadena, CA 91101	2,563,571	6.42%
Richard P. Genovese (13) Chateau Perigord II, 6 Lacets, Saint Leon, Bloc F, Etage II, Apt. OF112 Monte Carlo, Monaco 9800	2,478,825	6.16%
All officers and directors as a group (14)	5,993,319	15.02%

Beneficial ownership is determined in accordance with the Rule 13d-3(a) of the Exchange Act, and generally includes voting or investment power with respect to securities. Except as subject to community property laws, where applicable, the person named above has sole voting and investment power with respect to all shares of Halozyme's common stock shown as beneficially owned by him.

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(1) Includes 2,953,779 shares and warrants to purchase 32,771 shares held in the name of Dr. Frost; and 190,072 shares and warrants to purchase 22,241 shares held in the name of the Frost Family Trust. Also includes 386,127 shares issuable upon exercise of options exercisable within 60 days, of which are held in Dr. Frost's name.

(2) Includes 484,497 shares and warrants to purchase 26,690 shares held in the name of Dr. Lim. Also includes 982,433 shares issuable upon exercise of options exercisable within 60 days, of which are held in Dr. Lim's name.

(3) Includes 256,410 shares in the name of Mr. Ramsay, which are subject to the Company's right of repurchase until such shares are vested

(4) Includes 50,000 shares held in the name of Mr. Wilson. Also includes 144,162 shares issuable upon exercise of options exercisable within 60 days, of which are held in Mr. Wilson's name.

(5) Includes 8,333 shares issuable upon exercise of options exercisable within 60 days, of which are held in Mr. Engler's name.

(6) Includes 8,333 shares issuable upon exercise of options exercisable within 60 days, of which are held in Mr. Kelley's name.

(7) Includes 83,051 shares held in the name of Dr. Patton; 232,830 shares and warrants to purchase 31,590 shares held in the name of the John and Jamie Patton Trust. Also includes 100,000 shares issuable upon exercise of options exercisable within 60 days, of which are held in Dr. Patton's name.

(8) Includes 3,256,872 shares and warrants to purchase 120,556 shares held in the name of Mr. Feuerstein; and 116,415 shares and warrants to purchase 10,530 shares held in the name of the Elliot Feuerstein Trust.

(9) Includes 2,426,158 shares held in the name of the Börgstrom Family Trust; 94,772 shares held in the name of Eva Börgstrom for the benefit of Nils Peter Börgstrom; 94,772 shares held in the name of Bengt Jonas Börgstrom; and 94,772 shares held in the name of Per Henrik Börgstrom.

(10) Includes 1,705,951 shares and warrants to purchase 731,091 shares, 140,000 shares and warrants to purchase 50,000 shares held in the name of Peter Geddes under custodial accounts for the benefit of minors; and 11,667 shares and warrants to purchase 6,667 shares held in the name of Grove Capital, LLC in which Peter Geddes is a member. Peter Geddes may be deemed a beneficial owner of the shares held in the name of Grove Capital, LLC; however, he disclaims beneficial ownership except to the extent of his pecuniary interest therein

(11) Includes 1,390,257 shares and warrants to purchase 655,219 shares; 474,890 shares and warrants to purchase 211,570 shares held in the name of the Jonathan Spanier IRA Account; 50,000 shares held in the name of Jonathan Spanier under a custodial account for the benefit of a minor; and 11,667 shares and warrants to purchase 6,667 shares held in the name of Grove Capital, LLC in which Jonathan Spanier and the Jonathan Spanier IRA Account are members. Each of Jonathan Spanier and the Jonathan Spanier IRA Account may be deemed beneficial owners of the shares held in the name of Grove Capital, LLC; however, each disclaims beneficial ownership except to the extent of their pecuniary interest therein.

(12) Includes 1,231,558 shares and warrants to purchase 627,219 shares; 474,890 shares and warrants to purchase 211,570 shares held by the Jesse Grossman Accountancy Corporation Retirement Trust; and 11,667 shares and warrants to purchase 6,667 shares held in the name of Grove Capital, LLC in which Jesse Grossman and the Jesse Grossman Accountancy Corporation Retirement Trust are members. Each of Jesse Grossman and the Jesse Grossman Accountancy Corporation Retirement Trust may be deemed beneficial owners of the shares held in the name of Grove Capital, LLC; however, each disclaims beneficial ownership except to the extent of their pecuniary interest therein.

(13) Includes 1,642,431 shares and warrants to purchase 836,394 shares held in the name of Mr. Genovese.

(14) See Notes 1, 2, 3, 4, 5, 6 and 7. Includes 1,629,388 shares issuable upon exercise of options exercisable within 60 days.

SELLING SECURITY HOLDERS

The shares are being offered by certain selling security holders. The selling security holders may from time to time offer and sell pursuant to this prospectus up to an aggregate of 29,508,664 shares of our common shares now owned by them or issuable to them upon the exercise of warrants. The selling security holders may, from time to time, offer and sell any or all of the shares that are registered under this prospectus. Because the selling security holders are not obligated to sell their shares, and because the selling security holders may also acquire publicly traded shares of our common stock, we cannot estimate how many shares the selling security holders will own after the offering.

Except for Mark Wilson, who currently serves as our Vice President of Business Development, none of the selling security holders has ever held an office, been a director or have had any other material relationship with Global, Halozyme or its predecessor.

Pursuant to the stock purchase agreements with the selling security holders, all expenses incurred with respect to the registration of the common stock will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commissions or other expenses incurred by them in connection with the sale of such shares.

The following table sets forth, with respect to the selling security holders: (i) the number of shares of common stock beneficially owned as of May 18, 2004 and prior to the offering contemplated hereby, and (ii) the percentage of shares of common stock beneficially owned as of May 18, 2004.

Security Holders	Shares of Common Stock Being Registered	Shares of Common Stock Issuable Upon Exercise of Warrants	Total Shares of Common Stock Equivalents Being Registered	Shares of Common Stock Beneficially Owned But NOT Being Registered	Total Shares of Common Stock Beneficially Owned	Total Beneficial Ownership%
Adam K. Stern	40,000	20,000	60,000	—	60,000	0.15%
Anthony Salandra	68,798	61,298	130,096	—	130,096	0.33%
Arianna Sheree Lynch	2,407	—	2,407	—	2,407	0.01%
Asia Pacific Imports	50,000	25,000	75,000	—	75,000	0.19%
Autry Qualified Interest Trust	200,000	100,000	300,000	—	300,000	0.76%
Baybridge Capital Corp.	512,349	187,425	699,774	—	699,774	1.77%
BioGrowth, Inc.	512,349	187,425	699,774	—	699,774	1.77%
Bonanza Master Fund, LTD	600,000	300,000	900,000	—	900,000	2.27%
Brean Murray & Co. Inc.	50,000	364,284	414,284	—	414,284	1.04%
Cal—Fed Bank Custodian for Jonathan Spanier IRA	474,890	211,570	686,460	—	686,460	1.73%
Cantonal Corporation	300,001	150,000	450,001	45,000	495,001	1.25%
Centrum Bank AG	200,000	100,000	300,000	—	300,000	0.76%
Cimarron Biomedical Investors	200,000	100,000	300,000	—	300,000	0.76%
Cindy Ullman	5,000	2,500	7,500	—	7,500	0.02%
Colleen Paffie	8,800	—	8,800	—	8,800	0.02%
Curtis Leahy	405,000	—	405,000	—	405,000	1.03%

Darren Blanton	562,788	442,788	1,005,576	—	1,005,576	2.52%
David Hochman	10,000	5,000	15,000	—	15,000	0.04%
Dr. Donald Cramer	2,500	1,250	3,750	—	3,750	0.01%
Dr. Leonard Makowka	10,000	5,000	15,000	—	15,000	0.04%
Equine Consultants Ltd.	107,500	—	107,500	—	107,500	0.27%
Erietta Papakosta	100,000	50,000	150,000	—	150,000	0.38%
Forest Hill Select Fund, LP	320,000	160,000	480,000	—	480,000	1.21%
Franklin H. Nyi	80,000	40,000	120,000	—	120,000	0.30%

Security Holders	Shares of Common Stock Being Registered	Shares of Common Stock Issuable Upon Exercise of Warrants	Total Shares of Common Stock Equivalents Being Registered	Shares of Common Stock Beneficially Owned But NOT Being Registered	Total Shares of Common Stock Beneficially Owned	Total Beneficial Ownership%
Garfield Associates, LLC	20,000	10,000	30,000	—	30,000	0.08%
Gene Salkind, MD	160,000	80,000	240,000	150,000	390,000	0.99%
Gibralt Capital Corporation	400,000	200,000	600,000	—	600,000	1.51%
Grant Bettingen, Inc.	123,703	—	123,703	—	123,703	0.31%
Grove Capital, LLC	35,000	20,000	55,000	—	55,000	0.14%
Harvest International	107,596	107,596	215,192	—	215,192	0.54%
Harvey Anderson	53,798	53,798	107,596	—	107,596	0.27%
Harvey Grossman	8,800	—	8,800	—	8,800	0.02%
Henri Talerman	80,000	40,000	120,000	—	120,000	0.30%
Hyde Family Trust	80,000	40,000	120,000	—	120,000	0.30%
Jacqueline Autry	40,000	20,000	60,000	—	60,000	0.15%
Janelle Noelle Lynch	2,407	—	2,407	—	2,407	0.01%
Jeffrey Geddes	8,800	—	8,800	—	8,800	0.02%
Jerome Morgan	8,800	4,400	13,200	—	13,200	0.03%
Jesse Grossman	1,231,558	627,219	1,858,777	—	1,858,777	4.64%
Jesse Grossman Accountancy Corp. Retirement Trust	474,890	211,570	686,460	—	686,460	1.73%
John Paul DeJoria	80,000	40,000	120,000	—	120,000	0.30%
John S. Lemak	80,000	40,000	120,000	—	120,000	0.30%
Jonathan Spanier	1,197,757	655,219	1,852,976	—	1,852,976	4.62%
Jonathan Spanier Custodian for Esme Spanier under CUTMA, age 21	50,000	—	50,000	—	50,000	0.13%
Keith Granirer	7,500	3,750	11,250	—	11,250	0.03%
Ken Rickel	445,192	330,192	775,384	—	775,384	1.95%
Ken Y. Leung	80,000	40,000	120,000	—	120,000	0.30%
Kerry McVey	107,596	107,596	215,192	—	215,192	0.54%
Kimberly Craig—Woodworth	20,000	10,000	30,000	—	30,000	0.08%

Kingsbridge Capital	150,000	75,000	225,000	—	225,000	0.57%
Laura Stone	8,800	4,400	13,200	1,315	14,515	0.04%
Lawrence Diamant	3,500	1,750	5,250	—	5,250	0.01%
Lincoln Associates, LLC	20,000	10,000	30,000	—	30,000	0.08%
Linda May Stone	40,000	20,000	60,000	100	60,100	0.15%
Lore E. Stone	24,000	12,000	36,000	—	36,000	0.09%
Louis F. Burke PC Retirement Trust	20,000	10,000	30,000	—	30,000	0.08%
Louis Spanier	25,000	—	25,000	—	25,000	0.06%
Marc Rose	208,000	104,000	312,000	—	312,000	0.79%
Mark Emalfarb Custodian for Ashley Emalfarb	8,000	4,000	12,000	—	12,000	0.03%
Mark Emalfarb Custodian for Hailey Emalfarb	8,000	4,000	12,000	—	12,000	0.03%
Mark Wilson	50,000	—	50,000	—	50,000	0.13%
Matthew Markin	80,000	40,000	120,000	18,500	138,500	0.35%
Michael P. Marcus	80,000	40,000	120,000	—	120,000	0.30%
Michael Stone	577,394	369,394	946,788	—	946,788	2.38%
Nadine Smith	319,193	209,596	528,789	—	528,789	1.33%

Security Holders	Shares of Common Stock Being Registered	Shares of Common Stock Issuable Upon Exercise of Warrants	Total Shares of Common Stock Equivalents Being Registered	Shares of Common Stock Beneficially Owned But NOT Being Registered	Total Shares of Common Stock Beneficially Owned	Total Beneficial Ownership%
Odyssey Holdings Ltd.	512,349	187,425	699,774	—	699,774	1.77%
Patricia Fox	8,800	—	8,800	—	8,800	0.02%
Paul Geddes	8,800	—	8,800	—	8,800	0.02%
Paul Rosenberg	53,798	53,798	107,596	—	107,596	0.27%
Paula Rubino	8,800	—	8,800	—	8,800	0.02%
Peter Geddes	1,567,451	731,091	2,298,542	85,500	2,384,042	5.94%
Peter Geddes Custodian for Avery Geddes under CUTMA, age 21	20,000	—	20,000	—	20,000	0.05%
Peter Geddes Custodian for Campbell Geddes under CUTMA, age 21	50,000	25,000	75,000	—	75,000	0.19%
Peter Geddes Custodian for Lily Geddes under CUTMA, age 21	50,000	25,000	75,000	—	75,000	0.19%
Peter Geddes Custodian for Zachary Geddes under CUTMA, age 21	20,000	—	20,000	—	20,000	0.05%
Peter Graffman	75,000	12,500	87,500	—	87,500	0.22%
Peter Kosa	100,000	50,000	150,000	—	150,000	0.38%
Ram Trading, Ltd.	1,000,000	500,000	1,500,000	—	1,500,000	3.76%
Richard Genovese	1,242,404	836,394	2,078,798	400,027	2,478,825	6.16%
Roth Capital Partners, LLC	—	300,000	300,000	—	300,000	0.76%
Sandor Capital Master Fund, L.P.	250,000	125,000	375,000	—	375,000	0.95%
Sandy Geddes	8,800	—	8,800	—	8,800	0.02%
Sean Fitzpatrick	25,000	12,500	37,500	—	37,500	0.10%
Shai Z. Stern	120,000	60,000	180,000	50,000	230,000	0.58%
Spectrum Advisors, Ltd.	332,596	157,596	490,192	3,000	493,192	1.25%
Stephanie Spanier	50,000	—	50,000	—	50,000	0.13%
Steven S. Vender	45,000	22,500	67,500	5,000	72,500	0.18%
TBG America Inc.	80,000	40,000	120,000	—	120,000	0.30%

The Ward Family Foundation	120,000	60,000	180,000	—	180,000	0.46%
University Finance, Inc.	889,033	725,406	1,614,439	—	1,614,439	4.02%
Vertical Ventures, LLC	200,000	100,000	300,000	—	300,000	0.76%
Vitel Ventures Corp.	657,426	328,713	986,139	32,248	1,018,387	2.56%
Whitney & Clarkia Wilson Trust	50,000	—	50,000	50,000	100,000	0.25%
William F. Miller III	113,798	30,000	143,798	—	143,798	0.36%
Winnie Huang	40,000	20,000	60,000	—	60,000	0.15%
Total	**19,046,721**	**10,461,943**	**29,508,664**	**840,690**	**30,349,354**	**76.21%**

PLAN OF DISTRIBUTION

The selling security holders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell all or any part of their shares of common stock offered hereby on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling security holders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- broker-dealers may agree with the selling security holders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling security holders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this Prospectus. The selling security holders may also engage in short sales against the box, puts and calls and other transactions in our securities or derivatives of our securities, and may sell or deliver shares in connection with these trades. The selling security holders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling security holder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares.

Broker-dealers engaged by the selling security holders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling security holders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling security holders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling security holders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. Any selling security holders that are broker-dealers or broker-dealer affiliates will be deemed to be “underwriters” within the meaning of the Securities Act in connection with any sales of the shares by them. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Of the selling security holders, Brean Murray & Co., Grant Bettingen, Inc. and Roth Capital Partners, LLC are each broker-dealers. Additionally, Curtis Leahy, who is a registered representative of Grant Bettingen, Inc., is an affiliate of a broker-dealer.

Because selling security holders may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act, the selling security holders will be subject to the prospectus delivery requirements of the Securities Act and the rules promulgated thereunder. We have informed the selling security holders that the anti-manipulative provisions of Regulation M promulgated under the Exchange Act may apply to their sales in the market.

We are required to pay all fees and expenses (excluding selling expenses) incident to the registration of the shares being registered herein, including fees and disbursements of counsel to the selling security holders. We have agreed to indemnify certain of the selling security holders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

After being notified by a selling security holder that any material arrangement has been entered into with a broker-dealer or underwriter for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker, dealer or underwriter, we will file a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling security holder and of the participating broker-dealer(s) or underwriter(s), (ii) the number of shares involved, (iii) the price at which such shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s) or underwriter(s), where applicable, (v) that such broker-dealer(s) or underwriter(s) did not conduct any investigation to verify the information set out or incorp orated by reference in this prospectus and (vi) other facts material to the transaction. Individuals and entities who receive shares from the selling security holders as a gift or in connection with a pledge may sell up to 500 of such shares pursuant to this prospectus.

DESCRIPTION OF SECURITIES

Pursuant to our Articles of Incorporation, as amended, we are authorized to issue 100,000,000 shares of common stock, par value $0.001 per share, and 20,000,000 shares of preferred stock, par value $0.001 per share.

Each stockholder of our common stock is entitled to a pro rata share of cash distributions made to stockholders, including dividend payments. The holders of our common stock are entitled to one vote for each share of record on all matters to be voted on by stockholders. There is no cumulative voting with respect to the election of our directors or any other matter. Therefore, the holders of more than 50% of the shares voted for the election of those directors can elect all of the directors. The holders of our common stock are entitled to receive dividends when, as and if declared by our Board of Directors from funds legally available therefor. Cash dividends are at the sole discretion of our Board of Directors. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining available for di stribution to them after payment of our liabilities and after provision has been made for each class of stock, if any, having any preference in relation to our common stock. Holders of shares of our common stock have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to our common stock. As of March 31, 2004, there were approximately 120 record holders of common stock and 39,421,906 outstanding shares of common stock.

Warrants. As of May 11, 2003, we had warrants to purchase up to 11,742,665 shares of common stock outstanding. Of these, the selling security holders hold callable stock purchase warrants to purchase up to 8,094,829 shares of common stock, all of which are being registered in this offering. The callable stock purchase warrants held by the selling security holders have an exercise price of $1.75 per share and will expire five years after the date of their issuance. These callable stock purchase warrants may be redeemed by Halozyme upon 30 days advance written notice to the selling security holders, for a price of $0.01 per share, provided that (i) a registration statement with the Securities and Exchange Commission is then in effect as to the shares of common stock underlying the callable stock purchase warrants and will be in effect as of a date 30 days from the date of giving such notice; (ii) that for a period of 20 trading days prior to the giving of such notice our common stock has closed at a price of $2.00 per share or higher; and (iii) that no more than that number of callable stock purchase warrants exercisable for an aggregate of 2,023,707 shares of common stock, have been or will be called for redemption in the 90 day period proceeding or following the giving of such notice.

Dividend Policy. We have never declared or paid a cash dividend on our capital stock. We do not expect to pay cash dividends on our common stock in the foreseeable future. We currently intend to retain our earnings, if any, for use in our business. Any dividends declared in the future will be at the discretion of our board of directors and subject to any restrictions that may be imposed by our lenders.

Transfer Agent. The Corporate Stock Transfer Company acts as our transfer agent and registrar.

LEGAL PROCEEDINGS

Halozyme currently is not a party to any legal proceedings, the adverse outcome of which, in management’s opinion, individually or in the aggregate, would have a material adverse effect on our results of operations or financial position. From time to time, Halozyme may be involved in litigation relating to claims arising out of its operations in the normal course of business.

INTEREST OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus, as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock, was hired on a contingent basis, will receive a direct or indirect interest in Halozyme or any of its subsidiaries or was a promoter, underwriter, voting trustee, director, officer, or employee of Halozyme.

Cacciamatta Accountancy Corporation, independent auditors, have audited our financial statements as of and for the years ended December 31, 2003 and 2002, as set forth in their report and included in this prospectus. The financial statements are included in reliance on such reports given upon the authority of Cacciamatta Accountancy Corporation as experts in accounting and auditing.

The validity of the issuance of the shares of common stock offered hereby and certain other legal matters in connection herewith have been passed upon for us by Hale Lane Peek Dennison & Howard.

DISCLOSURE OF COMMISSION POSITION OF INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our directors and officers are indemnified by the Bylaws and the Articles of Incorporation of Halozyme to the fullest extent permitted by the Nevada Revised Statutes. Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to such directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by Halozyme of expenses incurred or paid by such director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Halozyme will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

FINANCIAL STATEMENTS

See the Consolidated Financial Statements beginning on page F-1, “Index to Consolidated Financial Statements.”

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On March 12, 2004, our Board of Directors voted to replace Hall & Company, certified public accountants (“Hall”) and to retain Cacciamatta Accountancy Corporation (“Cacciamatta”) as our principal accountant.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form SB-2 under the Securities Act for the common stock offered by this prospectus. This prospectus, which is a part of the registration statement, does not contain all of the information in the registration statement and the exhibits filed with it, portions of which have been omitted as permitted by SEC rules and regulations. For further information concerning us and the securities offered by this prospectus, please refer to the registration statement and to the exhibits filed with it. Statements contained in this prospectus as to the content of any contract or other document referred to are not necessarily complete. In each instance, we refer you to the copy of the contracts and/or other documents filed as exhibits to the registration statement and these statements are qualified in their entirety by refere nce to the contract or document.

The registration statement, including all exhibits, may be inspected without charge at the SEC’s Public Reference Room at 450 Fifth Street, N.W. Washington, D.C. 20549, and at the SEC’s regional offices located at the Woolworth Building, 233 Broadway, New York, New York 10279 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of these materials may also be obtained from the SEC’s Public Reference at 450 Fifth Street, N.W., Room 1024, Washington D.C. 20549, upon the payment of prescribed fees. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The registration statement, including all exhibits and schedules and amendments, has been filed with the SEC through the Electronic Data Gathering, Analysis and Retrieval system, and is publicly available t hrough the SEC’s Website located at http://www.sec.gov.

DELIATROPH PHARMACEUTICALS, INC.
(A Development Stage Company)
FINANCIAL STATEMENTS
DECEMBER 31, 2003

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HALOZYME THERAPEUTICS, INC.
(Formerly GLOBAL YACHT SERVICES, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
MARCH 31, 2004

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DELIATROPH PHARMACEUTICALS, INC.
(A Development Stage Company)
Financial Statements
December 31, 2003

The Board of Directors and Shareholders
DeliaTroph Pharmaceuticals, Inc.

We have audited the accompanying balance sheets of DeliaTroph Pharmaceuticals, Inc., doing business as Hyalozyme Therapeutics, (a California corporation) as of December 31, 2003 and 2002, and the related statements of operations, shareholders' equity and cash flows for the years then ended and for the period from inception (February 26, 1998) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeliaTroph Pharmaceuticals, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended and for the period from inception (February 26, 1998) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. Management's plans regarding this uncertainty are also described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CACCIAMATTA ACCOUNTANCY CORPORATION

Irvine, CA
January 7, 2004

DELIATROPH PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

	2003	2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 503,580	$ 88,910
Total Current Assets	503,580	88,910
PROPERTY AND EQUIPMENT - Net	130,904	134,170
OTHER ASSETS	12,763	7,500
Total Assets	$ 647,247	$ 230,580
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 223,278	$ 58,800
Accrued expenses	50,162	109,085
Notes payable	—	430,000
Interest on notes payable	—	12,255
Total Current Liabilities	273,440	610,140
COMMITMENTS AND CONTINGENCIES:	—	—
SHAREHOLDERS' EQUITY (DEFICIT):		
Series A convertible preferred stock, without par value; 4,816,000 shares authorized; 0 shares issued and outstanding in 2003; 3,803,507 shares issued and outstanding in 2002	—	198,006
Series B convertible preferred stock, without par value; 3,473,343 shares authorized; 0 shares issued and outstanding in 2003; 5,333,350 shares authorized; 2,743,121 shares issued and outstanding in 2002	—	1,254,672
Series C convertible preferred stock, without par value; 2,367,394 shares authorized; 2,367,114 shares issued and outstanding in 2003; 0 shares issued and outstanding in 2002	1,004,486	—
Common stock, without par value; 60,000,000 shares authorized; 15,952,980 shares issued and outstanding in 2003; 4,599,951 shares issued and outstanding in 2002	3,349,826	33,242
Deficits accumulated during the development stage	(3,980,505)	(1,865,480)
Total Shareholders' Equity (Deficit)	373,807	(379,560)
Total Liabilities and Shareholders' Equity (Deficit)	$ 647,247	$ 230,580

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

DELIATROPH PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2003 AND 2002 AND FROM INCEPTION TO DECEMBER 31, 2003

	2003	2002	Cumulative from inception (February 26, 1998) to 2003
EXPENSES:			
Research and development	$ 1,145,420	$ 773,464	$ 2,410,044
General and administrative	576,452	379,438	1,201,145
OPERATING LOSS	(1,721,872)	(1,152,902)	(3,611,189)
Other income (expense)			
Interest expense	(394,439)	(12,306)	(406,745)
Other, net	2,086	31,243	42,229
Other income (expense)	(392,353)	18,937	(364,516)
LOSS BEFORE INCOME TAXES	(2,114,225)	(1,133,965)	(3,975,705)
Income tax expense	800	800	4,800
NET LOSS	$ (2,115,025)	$ (1,134,765)	$ (3,980,505)
Net loss per share, basic and diluted	$ (0.31)	$ (0.25)	
Shares used in computing net loss per share, basic and diluted	6,826,109	4,599,591	

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

DELIATROPH PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF SHAREHOLDERS' EQUITY
(All share information reflects post-split amounts)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Deficit Accumulated During Development	Total Shareholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Initial capitalization	—	—	—	—	—	—	2,078,662	10,956	—	10,956
Issuance of Series A preferred stock	2,520,014	132,819	—	—	—	—	—	—	—	132,819
Net loss	—	—	—	—	—	—	—	—	(41,884)	(41,884)
BALANCE, DECEMBER 31, 1999	2,520,014	132,819	—	—	—	—	2,078,662	10,956	(41,884)	101,891
Issuance of common stock for cash	—	—	—	—	—	—	2,078,662	10,956	—	10,956
Issuance of common stock for license	—	—	—	—	—	—	442,267	2,330	—	2,330
Issuance of Series A preferred stock - net	1,283,493	65,187	—	—	—	—	—	—	—	65,187
Net loss	—	—	—	—	—	—	—	—	(125,210)	(125,210)
BALANCE, DECEMBER 31, 2000	3,803,507	198,006	—	—	—	—	4,599,591	24,242	(167,094)	55,154
Issuance of Series B preferred stock - net	—	—	1,779,608	801,709	—	—	—	—	—	801,709
Net loss	—	—	—	—	—	—	—	—	(563,621)	(563,621)
BALANCE, DECEMBER 31, 2001	3,803,507	198,006	1,779,608	801,709	—	—	4,599,591	24,242	(730,715)	293,242
Issuance of Series B preferred stock - net	—	—	963,513	452,963	—	—	—	—	—	452,963
Issuance of common stock options to consultant	—	—	—	—	—	—	—	500	—	500
Issuance of warrants for common stock for services	—	—	—	—	—	—	—	8,500	—	8,500
Net loss	—	—	—	—	—	—	—	—	(1,134,765)	(1,134,765)
BALANCE,										

DECEMBER 31, 2002	3,803,507	198,006	2,743,121	1,254,672	—	—	4,599,591	33,242	(1,865,480)	(379,560)
Issuance of Series C preferred stock - net	—	—	289,482	—	2,367,114	1,004,486	—	—	—	1,004,486
Issuance of common stock options to consultants	—	—	—	—	—	—	—	85,388	—	85,388
Issuance of common stock due to the exercise of options	—	—	—	—	—	—	256,410	100,000	—	100,000
Conversion of notes to common stock	—	—	—	—	—	—	3,960,359	1,272,000	—	1,272,000
Conversion of interest on notes to common stock	—	—	—	—	—	—	300,510	99,764	—	99,764
Beneficial conversion feature of 2003 notes	—	—	—	—	—	—	—	306,754	—	306,754
Conversion of Series A preferred stock to common stock	(3,803,507)	(198,006)	—	—	—	—	3,803,507	198,006	—	—
Conversion of Series B preferred stock to common stock	—	—	(3,032,603)	(1,254,672)	—	—	3,032,603	1,254,672	—	—
Net loss	—	—	—	—	—	—	—	—	(2,115,025)	(2,115,025)
BALANCE, DECEMBER 31, 2003	—	—	—	—	2,367,114	1,004,486	15,952,980	3,349,826	(3,980,505)	373,807

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

DELIATROPH PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002 AND
FROM INCEPTION TO DECEMBER 31, 2003

	2003	2002	Cumulative from inception (February 26, 1998) to 2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (2,115,025)	$ (1,134,765)	$ (3,980,505)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	75,726	100,386	208,890
Issuance of common stock for goods and services	85,388	9,000	102,245
Issuance of common stock for license	—	—	2,330
Issuance of common stock for accrued interest on notes	87,510	12,254	99,764
Beneficial conversion feature on 2003 notes	306,754	—	306,754
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(5,263)	(9,999)	(12,763)
Accounts payable and accrued expenses	105,554	156,375	273,440
Net cash used by operating activities	(1,459,356)	(866,749)	(2,999,845)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(72,460)	(194,738)	(316,695)
Net cash used in investing activities	(72,460)	(194,738)	(316,695)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of notes	842,000	430,000	1,272,000
Proceeds from issuance of common stock	100,000	—	110,956
Proceeds from issuance of Series A preferred stock - net	—	—	178,006
Proceeds from issuance of Series B preferred stock - net	—	452,962	1,254,672
Proceeds from issuance of Series C preferred stock - net	1,004,486	—	1,004,486
Net cash provided by financing activities	1,946,486	882,962	3,820,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	414,670	(178,525)	503,580
CASH AND CASH EQUIVALENTS, beginning of period	88,910	267,435	—
CASH AND CASH EQUIVALENTS, end of period	$ 503,580	$ 88,910	$ 503,580
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ 800	$ 800	$ 4,800
Interest paid	$ —	$ —	$ —
Non cash investing and financing activities:			
Common stock issued for property and equipment	$ —	$ —	$ 3,099
Series A preferred stock issued for property and equipment	$ —	$ —	$ 20,000

Conversion of notes payable to common stock	$ 1,371,764	$ —	$ 1,371,764
Conversion of Series A preferred stock to common stock	$ 198,006	$ —	$ 198,006
Conversion of Series B preferred stock to common stock	$ 1,254,672	$ —	$ 1,254,672

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

1. GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

General – DeliaTroph Pharmaceuticals, Inc. (a development stage company) dba Hyalozyme Therapeutics, Inc. (the "Company") was incorporated on February 26, 1998 and is a development stage, product-focused biotechnology company dedicated to the development and commercialization of recombinant therapeutic enzymes and drug enhancement systems, based on intellectual property covering the family of enzymes known as hyaluronidases.

Basis of Presentation – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Cash and Cash Equivalents – The Company considers all highly liquid investments with maturities of three months or less from the original purchase date to be cash equivalents.

Concentration of Credit Risk – Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. The Company maintains its cash balances with one major commercial bank. The balances are insured by the Federal Deposit Insurance Corporation up to $100,000.

Property and Equipment – Property and equipment are recorded at cost. Equipment and furniture are depreciated using the straight-line basis over their estimated useful lives of three years and leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the lease term, whichever is shorter.

Long-Lived Assets – The Company accounts for the impairment and disposition of long-lived assets in accordance with Statements of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* . In accordance with SFAS No. 144, long-lived assets are reviewed for events of changes in circumstances, which indicate that their carrying value may not be recoverable. At December 31, 2003, the Company believes there has been no impairment of the value of such assets.

Income Taxes – Income taxes are recorded in accordance with SFAS No. 109, *Accounting for Income Taxes* . This statement requires the recognition of deferred tax assets and liabilities to reflect the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and tax bases of the Company's assets and liabilities result in a deferred tax asset, SFAS No. 109 requires an evaluation of the probability of being able to realize the future benefits indicated by such assets. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized. At December 31, 2003, the Company had federal and state deferred tax assets of approximately $1,200,000 and $300,000, respectively, both consisting primarily of net operating loss carryforwards. The Company has recorded a full valuation allowance for all net deferred tax assets generated to date. The deferred tax assets and valuation allowances increased approximately $800,000 in 2003. The federal and state net operating losses of approximately $3,400,000 will begin to expire in 2018 and 2008, respectively.

Stock-Based Compensation – The Company has elected to adopt the disclosure only provisions of SFAS No. 148 and will continue to follow APB Opinion No. 25 and related interpretations in accounting for stock options granted to its employees and directors. Accordingly, employee and director compensation expense is recognized only for those options whose price is less than the market value at the measurement date. When the exercise price of the employee or director stock options is less then the estimated fair value of the underlying stock on the grant date, the Company records deferred compensation for the difference and amortizes this amount to expense in accordance with FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Options or Award Plans* , over the vesting period of the options.

Stock options issued to non-employees are recorded at their fair value as determined in accordance with SFAS No. 123 and Emerging Issues Task Force ("EITF") No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction With Selling Goods or Services* , and recognized over the related service period. Deferred charges for options granted to non-employees are periodically re-measured as the options vest. The Company's calculations were made using the Black-Scholes option-pricing model with the following weighted-average assumptions: expected life of 48 months; 100% stock volatility; risk-free interest rate of 3.0%; no dividends during the expected term; and forfeitures recognized as they occur.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the estimated life of the related options. The Company's pro forma information follows (in thousands except per share data):

	Year Ended	
	2003	**2002**
Net loss, as reported	$ (2,115)	$ (1,135)
Deduct: Total stock-based employee Compensation expense determined under Fair value based method for all awards	$ (149)	$ (1)
Pro forma net loss	$ (2,264)	$ (1,136)
Net loss per share, basic and diluted, as reported	$ (0.31)	$ (0.25)
Pro forma net loss per share, basic and diluted	$ (0.33)	$ (0.25)

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Comprehensive Income (Loss) – Comprehensive income (loss) is defined as all changes in a company's net assets, except changes resulting from transactions with shareholders. At December 31, 2003 and 2002, the Company has no reportable differences between net loss and comprehensive loss.

Research and development costs – Costs and expenses that can be clearly identified as research and development are charged to expense as incurred in accordance with FASB statement No. 2, "Accounting for Research and Development Costs."

Net loss per share – In accordance with SFAS No. 128, *Earnings Per Share* , and SEC Staff Accounting Bulletin ("SAB") No. 98, basic net loss per common share is computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period. Under SFAS No. 128, diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and common equivalent shares, such as stock options and warrants, outstanding during the period. Such common equivalent shares have not been included in the Company's computation of net loss per share as their effect would have been anti-dilutive.

	2003	2002
Numerator - Net loss	$ (2,115,025)	$ (1,134,765)
Denominator - Weighted average shares outstanding	6,826,109	4,599,591
Net loss per share	$ (0.31)	$ (0.25)
Incremental common shares (not included in denominator of diluted earnings per share because of their anti-dilutive nature)		
Employee stock options	6,392,567	168,710
Warrants to outside parties	67,129	—
Warrants on notes	867,419	315,830
Series B warrants	361,969	361,969
Series C warrants	2,367,114	—
Series C option	15,304,804	—
Warrants issuable if Series C option is exercised	7,652,402	—
Potential common equivalents	33,013,404	846,509

If all currently outstanding potential common equivalents are exercised, the Company would receive proceeds of approximately $25.3 million.

Recent Accounting Pronouncements – In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 91, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of* , and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and E xtraordinary, Unusual, and Infrequently Occurring Events and Transactions.* This statement also amends Account ing Research Bulletin No. 51, *Consolidated Financial Statements* , to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The provisions are generally to be applied prospectively. The Company adopted the provisions of this statement effective January 1, 2002. The adoption of SFAS No. 144 did not have a significant impact on the Company's financial statements.

In July 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* , which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force ("ETIF") Issue 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an* Activity (including Certain Costs Incurred in a Restructuring). SFAS No. 146 requires that a liability for an exit cost, as defined in ETIF Issue 94-3, be recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value . The provisions of SFAS No. 146 will be adopted for exit or disposal activities that are initi ated after December 31, 2002.

In November 2002, the FASB issued FASB Interpretation No. ("FIN") 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others* , an interpretation of FASB Statement Nos. 5, 57 and 107, and rescission of FIN 34, *Disclosure of Indirect Guarantees of Indebtedness of Others* . FIN 45 elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this interpretation are applicable on a prospective basis to gua rantees issued or modified after December 31, 2002; while the provisions of the disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company believes the adoption of the recognition provisions of such interpretation will not have a material impact on its results of operations or financial position and has adopted such interpretation on January 1, 2003, as required.

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of SFAS No. 123* . This statement amends SFAS No. 123, *Accounting for Stock-Based Compensation* , to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*, which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of nonpublic companies. For nonpublic companies, mandatory redeemable financial instruments are subject to the provisions of this statement for the first fiscal period beginning after December 15, 2003. The Company does not believe that the adop tion of this statement will have a significant impact on its financial statements.

2. PROPERTY AND EQUIPMENT

	2003	2002
Research equipment	$ 195,534	$ 168,445
Office equipment and furniture	59,687	30,254
Leasehold improvements	84,573	68,636
	339,794	267,335
Less accumulated depreciation and amortization	(208,890)	(133,165)
	$ 130,904	$ 134,170

3. ACCRUED EXPENSES

	2003	2002
Accrued wages payable	$ 11,000	$ 86,667
Accrued vacation payable	39,162	22,418
	$ 50,162	$ 109,085

The 2002 accrued wages payable were due to two former officers and one current officer of the Company. The former officers were paid their accrued wages of $50,000 in February 2003. The remaining balance of $36,667 was converted to a note payable in February 2003. This note was subsequently converted to common stock (see Note 4).

4. NOTES PAYABLE

In 2002, the Company issued 10% promissory notes in the amount of $355,000. As amended, principal and interest automatically convert to common stock at $0.449 per share at the closing of the next equity financing in which the Company receives gross proceeds of at least $800,000. Because market value of the common shares was below the conversion price at the commitment date, there was no beneficial conversion feature. The notes carried a 40 percent warrant coverage for the purchase of common stock (see Note 5).

In 2002 and 2003, the Company issued 10% promissory notes in the amount of $917,000. As amended, principal and interest automatically convert to common stock at $0.281 per share at the closing of the next equity financing in which the Company receives gross proceeds of at least $800,000. Because the market value of the shares was above the conversion price at the commitment date, a beneficial conversion feature of $306,754 was recorded as interest expense and additional paid in capital in October 2003, upon the Company's issuance of $1,004,486 of Series C preferred stock. The notes carried a 20 percent warrant coverage for the purchase of common stock (see Note 5).

Upon closing the Series C preferred financing, the principal balance of $1,272,000 of the above described notes and $99,764 of accrued interest were converted into 4,260,869 shares of common stock of the Company.

5. SHAREHOLDERS' EQUITY

Issuance of Common Stock – In March 1999, the Company issued 2,078,662 shares of common stock for $10,956 in goods and services. In January 2000, the Company issued 2,078,662 shares of common stock for $10,956 in cash. In August 2000, the Company issued 442,267 shares of common stock in exchange for a license valued at $2,330. Of the common stock 4,157,324 shares were sold to founders of the Company.

Issuance of Common Stock Options for Services – In September 2002, the Company issued 7,897 common stock options for consulting services valued at $500. In January 2003, the Company issued 39,488 common stock options for consulting services valued at $2,500. In April 2003, the Company issued 39,488 common stock options for consulting services valued at $2,500. In October 2003, the Company issued 39,488 common stock options for consulting services valued at $2,500. In November 2003, the Company issued 24,712 common stock options for consulting services valued at $9,638. In December 2003, the Company issued 100,000 common stock options to two former Board members and 75,000 common stock options to members of its Scientific Advisory Board. These options were fully exe rcisable and fully vested on the date of grant and shall expire in ten years based on the terms of the options. The fair value of these options, totaling $68,250, was recorded as a noncash stock issuance cost by the Company.

Series A, B and C Convertible Preferred Stock – In January 2001, the Company completed an 8 for 1 stock split of its outstanding common stock and Series A preferred stock. In November 2001 the Company completed a 2 for 1 stock split for the Series B preferred stock and warrants. In October 2003, the Company completed a 1 for 1.266199 reverse stock split of all its common stock. All share numbers and per share dollar values in the accompanying financial statements and footnotes have been restated for all periods presented to reflect the stock splits.

From March 1999 to January 2000, the Company sold 3,803,507 shares of Series A convertible preferred stock (“Series A”) for $198,006 ($178,006 in cash and $20,000 in goods and services), net of issuance costs. From March 2001 to May 2002, the Company sold 2,743,121 shares of Series B convertible preferred stock (“Series B”) for $1,254,672 in cash, net of issuance costs. During October 2003, the Company sold 2,367,114 shares of Series C convertible preferred stock (“Series C”) for $1,004,486, net of issuance costs. In addition, in connection with the Series C financing, the Company issued an option to purchasers of the Series C to buy an additional 15,304,804 shares of the Company’s common stock for $0.4647 per share or $7,112,142. In connection with the Series C financing, 289,482 additional shares of Series B stock were issued to t he Series B investo rs as a result of anti-dilution provisions.

Upon closing the Series C investment, the Series A and Series B were all converted to common stock. The liquidation preference of the Series C is $0.4647 per share and is payable in preference to the common stock. Following this distribution, upon liquidation, any remaining assets of the Company shall be distributed ratably to holders of the common stock.

Warrants – In November and December of 2001, the Company granted warrants to purchase 252,721 shares of common stock at an exercise price of $0.4748 per share to purchasers of the Series B. From January to May 2002, the Company granted warrants to purchase 109,248 shares of common stock at an exercise price of $0.4748 per share to purchasers of the Series B. These warrants are exercisable until February 15, 2005.

In June 2002, the Company granted, to outside parties for services, warrants to purchase 67,129 shares of common stock at an exercise price of $0.13 per share. These warrants were fully exercisable and fully vested on the date of grant and shall expire in ten years based on the terms of the warrants. The fair value of these warrants, totaling $8,500, was recorded as a noncash stock issuance cost by the Company.

In connection with the notes issued in 2002 and 2003 (see Note 4), the Company granted warrants to purchase 867,419 shares of common stock at an exercise price of $0.4496 per share. In October 2003, in conjunction with the issuance of its Series C convertible preferred stock, the Company granted warrants to purchase 2,367,114 shares of common stock to purchasers of the Series C at an exercise price of $0.7667 per share, exercisable until October 15, 2008.

In connection with an option the Company issued to purchasers of the Series C stock to buy an additional 15,304,804 disclosed above, the Company also granted these purchasers warrants to purchase 7,652,402 shares of common stock at an exercise price of $1.75 per share, as amended.

6. STOCK OPTION PLAN

The Company’s 2001 Stock Option Plan (the “Plan”), as amended, provides for the granting of non-statutory or incentive stock options to acquire shares of the Company’s common stock to employees of the Company. The Plan is administered by the Board of Directors and permits the issuance of options for the purchase of up to 10,000,000 shares, as amended, of the Company’s common stock at exercises prices of not less than the fair market value of the underlying shares on the date of grant. Options granted under the Plan generally vest over a four-year period and expire up to a maximum of 10 years from the date of grant.

The following table summarizes stock option activity for the periods indicated:

	Shares	Weighted Average Exercise Price Per Share
Outstanding, January 1, 2002	—	—
Granted	179,037	$ 0.06
Canceled	(10,327)	$ 0.06
Outstanding, December 31, 2002	168,710	$ 0.06
Granted	6,484,962	$ 0.39
Exercised	(256,410)	$ 0.39
Canceled	(4,695)	$ 0.06
Outstanding, December 31, 2003	6,392,567	$ 0.38

The following table summarizes information concerning on outstanding and exercisable options as of December 31, 2003:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.06	164,015	5.5	$ 0.06	61,714	$ 0.06
$0.39	6,228,552	9.9	$ 0.39	705,153	$ 0.39
	6,392,567	9.8	$ 0.38	766,867	$ 0.36

7. COMMITMENTS AND CONTINGENCIES

Operating Leases – The Company leases its San Diego, California corporate office under a two-year lease. Additionally, the Company leases certain office equipment under operating leases. Rent expense totaled $123,110 and $64,958 for the years ended December 31, 2003 and 2002, respectively.

Future minimum payments, by year and in the aggregate, required under the Company's noncancelable operating lease obligations consist of the following:

Year Ending December 31	$
2004	132,306
2005	67,492
	199,798

Contract Manufacturing Agreement – In November 2003, the Company entered into a contract manufacturing agreement whereby the contractor will manufacture the Company's recombinant protein to be used as the Company seeks regulatory approval for its product. The value of the contract is approximately $1,500,000 and is payable as milestones are achieved over the term of the contract in 2004.

Consulting Agreements – In November and December 2003, the Company entered into consulting agreements with key members of its Scientific Advisory Board. In connection with these agreements, the Company issued stock options to some of these members. As discussed in Note 4, the Company recorded the fair value of these options as an expense on the date of grant.

Management Agreements – The Company has entered into employment agreements with various members of its executive management team. The agreements are for one year and then revert to "at will" employment.

Indemnities and Guarantees – During its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include those given to directors and officers of the Company to the maximum extent permitted under the laws of the State of California. The duration of these indemnities, commitments and guarantees varies. Some of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. The Company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying balance sheets.

Merger Agreement – The Company is currently in negotiations to merge with a public company in order to maximize shareholder value. The terms of the agreement have not yet been finalized.

8. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has reported losses from its inception, is still in the development stage and does not have sufficient cash to cover its current operating needs. The Company is seeking to raise the additional capital it will require to meet its obligations in 2004. There can be no assurances that the Company will be successful in these efforts.

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HALOZYME THERAPEUTICS, INC. (Formerly GLOBAL YACHT SERVICES, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEET - UNAUDITED
AS OF MARCH 31, 2004

	2004
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 7,452,812
Prepaid expenses and other current assets	116,031
Total current assets	7,568,843
PROPERTY AND EQUIPMENT, net	151,422
OTHER ASSETS	12,508
Total Assets	$ 7,732,773
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable	$ 637,312
Accrued expenses	135,930
Total current liabilities	773,242
COMMITMENTS AND CONTINGENCIES	—
STOCKHOLDERS' EQUITY:	
Common stock, $0.001 par value; 100,000,000 shares authorized;	
39,421,906 shares issued and outstanding	39,422
Additional paid-in-capital	12,185,036
Deficit accumulated during the development stage	(5,264,927)
Total Stockholders' Equity	6,959,531
Total Liabilities and Stockholders' Equity	$ 7,732,773

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

HALOZYME THERAPEUTICS, INC. (Formerly GLOBAL YACHT SERVICES, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003 AND FROM INCEPTION TO MARCH 31, 2004

	2004	2003	Cumulative from inception (February 26, 1998) to 2004
EXPENSES:			
Research and development	$ 696,581	$ 205,703	$ 3,106,625
General and administrative	510,971	45,647	1,712,116
Total Expenses	1,207,552	251,350	4,818,741
Other income (expense), net	(76,870)	(20,161)	(446,186)
LOSS BEFORE INCOME TAXES	(1,284,422)	(271,511)	(5,264,927)
Income Tax Expense	—	—	—
NET LOSS	$ (1,284,422)	$ (271,511)	$ (5,264,927)
Net loss per share, basic and diluted	$ (0.08)	$ (0.03)	
Shares used in computing net loss per share, basic and diluted	15,441,244	8,196,362	

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

HALOZYME THERAPEUTICS, INC. (Formerly GLOBAL YACHT SERVICES, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - UNAUDITED
PERIOD ENDED MARCH 31, 2004 AND FROM INCEPTION (FEBRUARY 26, 1998) TO DECEMBER 31, 2003

(All share information reflects post-split amounts)

	Common Stock Shares	Amount	Paid-In Capital	Deficit Accumulated During Development	Total Shareholders' Equity
Initial capitalization-	$ -		$ 10,956	$ -	$ 10,956
Contributed capital - net	-	-	132,819	-	132,819
Net loss	-	-	-	(41,884)	(41,884)
BALANCE, DECEMBER 31, 1999	-	-	143,775	(41,884)	101,891
Contributed capital - net	-	-	78,473	-	78,473
Net loss	-	-	-	(125,210)	(125,210)
BALANCE, DECEMBER 31, 2000	-	-	222,248	(167,094)	55,154
Issuance of common stock for cash, February 22, 2001	4,275,000	4,275	-	-	4,275
Issuance of common stock for cash, May 4, 2001	21,376	21	-	-	21
Issuance of common stock for cash, May 25, 2001	1,187,498	1,188	-	-	1,188
Contributed capital - net	-	-	796,225	-	796,225
Net loss	-	-	-	(563,621)	(563,621)
BALANCE, DECEMBER 31, 2001	5,483,874	5,484	1,018,473	(730,715)	293,242
Issuance of common stock for cash, May 10, 2002	2,712,488	2,712	124,188	-	126,900
Contributed capital - net	-	-	335,063	-	335,063
Net loss	-	-	-	(1,134,765)	(1,134,765)
BALANCE, DECEMBER 31, 2002	8,196,362	8,196	1,477,724	(1,865,480)	(379,560)
Contributed capital - net	-	-	2,868,392	-	2,868,392
Net loss	-	-	-	(2,115,025)	(2,115,025)
BALANCE, DECEMBER 31, 2003	8,196,362	8,196	4,346,116	(3,980,505)	373,807
Redemption of common stock, March 10, 2004	(4,296,362)	(4,296)	(38,007)	-	(42,303)
Issuance of shares for merger with DeliaTroph - net	35,521,906	35,522	7,876,927	-	7,912,449
Net loss	-	-	-	(1,284,422)	(1,284,422)

BALANCE, MARCH 31, 2004	39,421,906	$ 39,422	$ 12,185,036	$ (5,264,927)	$ 6,959,531

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

HALOZYME THERAPEUTICS, INC. (Formerly GLOBAL YACHT SERVICES, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003 AND FROM INCEPTION TO MARCH 31, 2004

	2004	2003	Cumulative from inception (February 26, 1998) to 2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (1,284,422)	$ (271,511)	$ (5,264,927)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	21,497	17,063	230,387
Issuance of common stock for goods and services	—	2,500	102,245
Issuance of common stock for license	—	—	2,330
Issuance of common stock for accrued interest on notes	—	—	99,764
Beneficial conversion feature on 2003 notes	—	—	306,754
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(116,031)	(22,083)	(128,794)
Accounts payable and accrued expenses	500,057	(83,855)	773,497
Net cash provided by operating activities	(878,899)	(357,886)	(3,878,744)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(42,015)	—	(358,710)
Net cash used in investing activities	(42,015)	—	(358,710)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of notes	—	434,437	1,272,000
Contributed capital - net	7,870,146	—	10,418,266
Net cash provided by financing activities	7,870,146	434,437	11,690,266
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,949,232	76,551	7,452,812
CASH AND CASH EQUIVALENTS, beginning of period	503,580	88,910	—
CASH AND CASH EQUIVALENTS, end of period	$ 7,452,812	$ 165,461	$ 7,452,812
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ —	$ —	$ —
Interest paid	$ —	$ —	$ —
Non cash investing and financing activities:			
Conversion of contributed capital to common stock	$ 7,870,146	$ —	$ 10,418,266

Conversion of notes payable to common stock	$ —	$ —	$ 1,272,000
Common Stock issued for property and equipment	$ —	$ —	$ 3,099
Series A Preferred stock issued for property and equipment	$ —	$ —	$ 20,000

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

Halozyme Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Unaudited)

1. Description of Business

Effective March 11, 2004, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated January 28, 2004, among privately held DeliaTroph Pharmaceuticals, Inc. dba Hyalozyme Therapeutics, Inc. ("Halozyme"), Global Yacht Services, Inc. ("Global"), a publicly traded Nevada corporation and Hyalozyme Acquisition Corporation ("Merger Sub"), a wholly owned subsidiary of Global, the Merger Sub merged with and into Halozyme, with Halozyme the survivor for accounting purposes.

Although Global acquired Halozyme as a result of the Merger, the shareholders of Halozyme hold a majority of the voting interest in the combined enterprise. Additionally, the Merger resulted in Halozyme's management and Board of Directors assuming operational control of Global.

The following summary lists the structure of the Merger and matters completed in connection therewith:

- On January 28, 2004, pursuant to an investment round completed simultaneously with the signing of the Merger Agreement, Halozyme raised equity capital of approximately $8.1 million.
- The shareholders of Global amended and restated Global's Articles of Incorporation to change Global's corporate name to Halozyme Therapeutics, Inc., increased the authorized number of shares of common stock to 100 million, and authorized 20 million shares of preferred stock.
- Global issued 35,521,906 shares of its restricted common stock, 6,380,397 options and 11,742,665 warrants to purchase shares of its common stock to the shareholders of Halozyme in exchange for 100% of their issued and outstanding common stock, options and warrants to purchase Halozyme's common stock.
- A total of 4,296,362 shares of Global's outstanding common stock were redeemed by Global from three shareholders in exchange for $42,303, or approximately $0.01 per share.
- Global's shareholders own approximately 10% of the issued and outstanding shares of Halozyme's common stock, based on 39,421,906 shares outstanding after the Merger.

The full text of the Merger Agreement may be found at Exhibit A to Global Yacht's definitive Schedule 14C Information Statement, as filed with the Securities and Exchange Commission on February 17, 2004.

The Merger has been treated as a re-capitalization of Halozyme. Accordingly, the financial statements reflect the historical activity of Haloyzme with the capital structure of Global. Prior to the Merger, Global had limited operations. On March 11, 2004, Global changed its name to Halozyme Therapeutics, Inc.

Halozyme Therapeutics, Inc. ("We", "Halozyme" or the "Company") was founded on February 26, 1998. Halozyme is a product-focused biotechnology company dedicated to the development and commercialization of recombinant therapeutic enzymes and drug enhancement systems, based on intellectual property covering the family of human enzymes known as hyaluronidases. Our first products are human synthetic formulations of a hyaluronidase enzyme that replace current animal slaughterhouse-derived enzymes that carry risks of animal pathogen contamination and immunogenicity. These products are based on a highly versatile enzyme technology that has a wide range of therapeutic applications, and will enable our company to help patients across multiple disease states.

Basis of Presentation

The information contained in this report is unaudited, but in our opinion reflects all adjustments necessary to make the financial position and results of operations for the interim periods a fair presentation of our operations and cash flows. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with accounting principles generally accepted in the United States, have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission.

These statements should be read along with the Financial Statements and Notes that go along with the Company's audited financial statements, as well as other financial information for the fiscal year ended December 31, 2003 as presented in the Company's Annual Report on Form 10-KSB. Financial presentations for prior periods have been reclassified to conform to current period presentation. The results of operations and cash flows for the three months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2004.

Stock-Based Compensation

The Company has elected to adopt the disclosure only provisions of SFAS No. 148 and will continue to follow APB Opinion No. 25 and related interpretations in accounting for stock options granted to its employees and directors. Accordingly, employee and director compensation expense is recognized only for those options whose price is less than the market value at the measurement date. When the exercise price of the employee or director stock options is less than the estimated fair value of the underlying stock on the grant date, the Company records deferred compensation for the difference and amortizes this amount to expense in accordance with FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Options or Award Plans* , over the vesting period of the options.

Stock options issued to non-employees are recorded at their fair value as determined in accordance with SFAS No. 123 and Emerging Issues Task Force ("EITF") No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction With Selling Goods or Services* , and recognized over the related service period. Deferred charges for options granted to non-employees are periodically re-measured as the options vest. The Company's calculations were made using the Black-Scholes option-pricing model with the following weighted-average assumptions: expected life of 48 months; 100% stock volatility; risk-free interest rate of 3.0%; no dividends during the expected term; and forfeitures recognized as they occur.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the estimated life of the related options. The Company's pro forma information follows (in thousands, except per share data):

	Three Months Ended	
	2004	2003
Net loss, as reported	$ (1,284)	$ (272)
Deduct: Total stock-based employee Compensation expense determined under Fair value based method for all awards	$ (249)	$ —
Pro forma net loss	$ (1,533)	$ (272)
Net loss per share, basic and diluted, as reported	$ (0.08)	$ (0.03)
Pro forma net loss per share, basic and diluted	$ (0.10)	$ (0.03)

2. Property and Equipment

	2004	2003
Research equipment	$ 217,323	$ 195,534
Office equipment and furniture	67,820	59,687
Leasehold improvements	96,666	84,573
	381,809	339,794
Less accumulated depreciation and amortization	(230,387)	(208,890)
	$ 151,422	$ 130,904

3. Net Loss Per Common Share

In accordance with SFAS No. 128, *Earnings Per Share* , and SEC Staff Accounting Bulletin ("SAB") No. 98, basic net loss per common share is computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period. Under SFAS No. 128, diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and common equivalent shares, such as stock options and warrants, outstanding during the period. Such common equivalent shares have not been included in the Company's computation of net loss per share as their effect would have been anti-dilutive.

	2004	2003
Numerator - Net loss	$ (1,284,422)	$ (271,511)
Denominator - Weighted average shares outstanding	15,441,244	8,196,362
Net loss per share	$ (0.08)	$ (0.03)
Incremental common shares (not included in denominator of diluted earnings per share because of their anti-dilutive nature)		
Employee stock options	6,530,397	—
Warrants to outside parties	51,334	—
Warrants on notes	867,419	—
Series B warrants	361,969	—
Series C warrants	10,461,943	—
Potential common equivalents	18,273,062	—

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Articles of Incorporation of Halozyme Therapeutics, Inc. (the "Registrant") provide for the indemnification of the directors, officers, employees and agents of the Registrant to the fullest extent permitted by the laws of the State of Nevada. Section 78.7502 of the Nevada General Corporation Law permits a corporation to indemnify any of its directors, officers, employees or agents against expenses actually and reasonably incurred by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (except for an action by or in right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, provided that it is determined that such person acted in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 78.751 of the Nevada General Corporation Law requires that the determination that indemnification is proper in a specific case must be made by (a) the stockholders, (b) the board of directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding or (c) independent legal counsel in a written opinion (i) if a majority vote of a quorum consisting of disinterested directors is not possible or (ii) if such an opinion is requested by a quorum consisting of disinterested directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

We will pay all expenses in connection with the registration and sale of our common stock. All amounts shown are estimates except for the registration fee.

Type of Expense	**Amount**
Registration Fee	$15,740.00
Transfer Agent Fees	$1,000.00
Costs of Printing and Engraving	$2,000.00
Legal Fees	$20,000.00
Accounting Fees	$10,000.00
Miscellaneous	$1,260.00
Total	**$50,000.00**

RECENT SALES OF UNREGISTERED SECURITIES

There have been no sales of unregistered securities within the last three years, which would be required to be disclosed pursuant to Item 701 of Regulation S-B, except for the following:

On March 11, 2004, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of January 28, 2004, among privately held DeliaTroph Pharmaceuticals, Inc. dba Hyalozyme Therapeutics, Inc. ("Halozyme"), Global Yacht Services, Inc., a publicly traded Nevada corporation ("Global") and Hyalozyme Acquisition Corporation, a wholly owned subsidiary of Global ("Merger Sub"), the Merger Sub merged with and into Halozyme, with Halozyme remaining as the surviving corporation (the "Merger"). Pursuant to the Merger, Global issued 35,521,906 shares of its restricted common stock, 6,380,397 options and 11,742,665 warrants to purchase shares of its common stock to 119 stockholders and 24 optionholders of Halozyme in exchange for 100% of their issued and outstanding common stock, options and warrants to purchase Halozyme's common stock. All of the stockholders of Halozyme were accredited investors. These issuances were deemed exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act and Regulation D promulgated thereunder as a transaction

by an issuer not involving a public offering. The recipients of securities in such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions.

In May 2001, Global issued 97,222 shares of our common stock to Carib-Ventures, Inc. in exchange for $17,500, and 180,555 shares of our common stock to Flexgene Corp. for $32,500. The shares were issued in a transaction which Global believed satisfied the requirements of regulations. Both of the investors were non-U.S. persons and the sale was made in an offshore transaction. No directed selling efforts were made in the United States by us or any person acting on Global's behalf. The offer or sale was not made to a U.S. person or for the account or benefit of a U.S. person. The purchasers of the securities certified that they were not U.S. persons and they were not acquiring the securities for the account or benefit of any U.S. person. The purchasers of the securities have agreed to resell such securities only in accordance with the provisions of Regulation S or pursuant to registration under the Securities Act. The shares of common stock issued to the purchasers contain a legend to the effect that transfer is prohibited except in accordance with the provisions of this Regulation S or pursuant to registration under the Securities Act. We will not register any transfer of the securities unless such transfer is made in accordance with the provisions of Regulation S or pursuant to registration under the Securities Act.

In May 2001, Global issued 5,000 shares of common stock to Melissa Day, secretary, treasurer and one of Global's directors, in exchange for $500, or $0.10 per share. The shares were issued in a transaction which Global believed satisfied the requirements of that certain exemption from the registration and prospectus delivery requirements of the Securities Act, which exemption is specified by the provisions of Section 4(2) of that act. Global believed that Ms. Day has such knowledge and experience in financial and business matters that she was capable of evaluating the merits and risks of the prospective investment. In addition, Ms. Day had sufficient access to material information about us because she was Global's secretary, treasurer and one of the directors.

In February 2001, Global issued 1,000,000 shares of our common stock to Mitch Keeler, Global's president and one of the directors, in exchange for $10,000, or $0.01 per share. The shares were issued in a transaction which Global believed satisfied the requirements of that certain exemption from the registration and prospectus delivery requirements of the Securities Act, which exemption is specified by the provisions of Section 4(2) of that act. Global believed that Mr. Keeler had such knowledge and experience in financial and business matters that he was capable of evaluating the merits and risks of the prospective investment. In addition, Mr. Keeler had sufficient access to material information about us because he was Global's president and one of the directors.

EXHIBITS

3.1 Articles of Incorporation (2)
3.2 Certificate of Amendment to Articles of Incorporation (2)
3.3 Bylaws (2)
3.4 Certificate of Amendment to Articles of Incorporation(3)
4.1 Specimen Common Stock Certificate (4)
4.2 Form of Callable Stock Purchase Warrant (1)
5.1 Opinion of Hale Lane Peek Dennison & Howard
10.1 License Agreement between University of Connecticut and Registrant, dated November 15, 2002 (4)
10.2* Agreement for Services between Avid Bioservices, Inc. and Registrant, dated November 19, 2003 (4)
10.3 Agreement and Plan of Merger between DeliaTroph Pharmaceuticals, Inc. and Registrant, dated January 28, 2004 (3)
10.4* Distribution Agreement between MidAtlantic Diagnostics, Inc. and Registrant, dated January 30, 2004 (4)
10.5* Distribution Agreement between MediCult AS and Registrant, dated February 9, 2004 (4)
10.6* Distribution Agreement between Cook Ob/Gyn Incorporated and Registrant, dated April 13, 2004 (4)
10.7 2004 Stock Plan and Form of Option Agreement thereunder (1)
10.8 Form of Indemnity Agreement for Directors and Executive Officers (1)
23.1 Consent of Cacciamatta Accountancy Corporation, Independent Accountants
23.2 Consent of Hale Lane Peek Dennison & Howard (Included in Exhibit 5.1)

(1) Filed herewith

(2) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 filed with the Commission on September 21, 2001.

(3) Incorporated by reference to the Registrant's Information Statement on Schedule 14C filed with the Commission on February 17, 2004.

(4) Incorporated by reference to the Registrant's Registraion Statement of Form SB-2 filed with the Commission on April 23, 2004.

* Confidential treatment has been requested for portions of this exhibit. These portions have been omitted from this agreement and have been submitted separately to the Securities and Exchange Commission.

UNDERTAKINGS

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

   (a) Include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

   (b) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement;

   (c) Include any additional or changed material information on the plan of distribution.

2. For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of offering.

4. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such as expressed in the Securities Act and is, therefore, unenforceable. Indemnification is against public policy.

5. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of San Diego, State of California, on July 23, 2004.

Halozyme Therapeutics, Inc.,
Nevada corporation

By: /s/ Jonathan E. Lim

Jonathan E. Lim

Its: President, Chief Executive Officer and
Chairman of the Board

In accordance with the requirements of the Securities Act of 1933, this Registration Statement on Form SB-2 has been signed by the following persons in the capacities and on the dates indicated.

By: /s/ Jonathan E. Lim July 23, 2004

Jonathan E. Lim

Its : President, Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

By: /s/ David A. Ramsay July 23, 2004

David A. Ramsay

Its: Secretary, Chief Financial Officer
(Principal Financial and Accounting Officer)

By: /s/ Gregory I. Frost July 23, 2004

Gregory I. Frost

Its: Vice President, Chief Scientific Officer and Director

By: /s/ Kenneth Kelley July 23, 2004

Kenneth Kelley

Its: Director

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS (i) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, (ii) THE SALE IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR (iii) THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT.

Dated: _____

DELIATROPH PHARMACEUTICALS, INC.

DBA HYALOZYME THERAPEUTICS, INC.

CALLABLE STOCK PURCHASE WARRANT

[fill in number] Shares

1. Number of Shares Subject to Warrant. FOR VALUE RECEIVED, subject to the terms and conditions herein set forth, [fill in name] Holder (as described below) is entitled to purchase from DeliaTroph Pharmaceuticals, Inc., a California corporation dba Hyalozyme Therapeutics, Inc. (the "Company"), at any time before the termination of this Warrant pursuant to Section 3 hereof, at a price per share equal to the Warrant Price (as defined below), the Warrant Stock (as defined below) upon exercise of this Warrant pursuant to Section 7 or Section 8 hereof.

This Warrant is issued pursuant to that certain Term Sheet of October 17, 2003 and Option Agreement between the Company and Grove Street Capital Advisors, Inc. ("GSA") dated October 20, 2003 pursuant to which GSCA or its assignees have the option to purchase an aggregate of 15,304,804 shares of Common Stock of the Company, accompanied by a Callable Warrant (herein sometimes the "Callable Warrants") to purchase one half a share of Common Stock for each share of Common Stock purchased upon exercise of the Option Agreement, on the terms set forth herein below. The Holder is subject to certain restrictions and entitled to certain rights as set forth in the Term Sheet.

2. Definitions. As used in this Warrant, the following terms shall have definitions ascribed to them below:

(a) "Holder" shall mean [fill in the name] or his assigns.

(b) "Warrant Price" shall be $1.75 per share.

(c) "Warrant Stock" shall mean shares of the Common Stock of the Company.

3. Termination. This Warrant shall terminate and no longer be exercisable at 5:00 p.m., California time, on (fill in date five years from date of issuance).

4. Fractional Shares. No fractional shares shall be issuable upon exercise or conversion of the Warrant and the number of shares to be issued shall be rounded down to the nearest whole share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying the Holder an amount computed by multiplying the fractional interest by the fair market value of a full share.

4A. Callable Warrant. This warrant may be redeemed by the Company upon thirty (30) days advance written notice "Notice of Redemption" to Holder, for a price of $0.01 per share, provided that (i) a registration statement with the Securities and Exchange Commission is then in effect as to the shares of Common Stock underlying the Warrant and will be in effect as of a date thirty (30) days from the date of giving the Notice of Redemption; (ii) that for a period of twenty (20) trading days prior to the giving of the Notice of Redemption the Common Stock has closed at a price of $2.00 per share or higher; and (iii) that no more than an aggregate of Callable Warrants, covering an aggregate of 1,913,100 shares of Common Stock underlying the Callable Warrants issued pursuant to the Option Agreement, have been or will be called for redemption in the ninety (90) day period proceeding or following the giving of the Notice of Redemption.

5. No Shareholder Rights. This Warrant, by itself, as distinguished from any shares purchased hereunder, shall not entitle the Holder to any of the rights of a shareholder of the Company.

6. Reservation of Stock. The Company will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of Warrant Stock upon the exercise or conversion of this Warrant. Issuance of this Warrant shall constitute full authority to the Company's officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Warrant Stock issuable upon the exercise or conversion of this Warrant.

7. Exercise of Warrant. This Warrant may be exercised at any time prior to its termination and prior to the expiration of the thirty (30) days Notice of Redemption, in case the warrants have been called pursuant to 4A above, by the surrender of this Warrant, together with the Notice of Exercise and the Investment Representation Statement in the forms attached hereto as Attachments 1 and 2, respectively, duly completed and executed at the principal office of the Company, specifying the portion of the Warrant to be exercised and accompanied by payment in full of the Warrant Price in cash or by check with respect to the shares of Warrant Stock being purchased. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of Warrant Stock issuable upon exercise shall be treated for all purposes as Holder of such shares of record as of the close of business on such date. As promptly as practicable after such date, the Company shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of full shares of Warrant Stock issuable upon such exercise. If the Warrant shall be exercised for less than the total number of shares of Warrant Stock then issuable upon exercise, promptly after surrender of the Warrant upon such exercise, the Company will execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to the balance of the Warrant Stock purchasable hereunder upon the same terms and conditions set forth herein.

8. Adjustment of Exercise Price and Number of Shares. The number of shares issuable upon exercise of this Warrant (or any shares of stock or other securities or property at the time receivable or issuable upon exercise of this Warrant) and the Warrant Price therefor are subject to adjustment upon the occurrence of the following events:

(a) Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc. The Warrant Price and the number of shares issuable upon exercise of this Warrant shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, combination of shares, reclassification, recapitalization or other similar event altering the number of outstanding shares of the Company's capital stock.

(b) Adjustment for Other Dividends and Distributions. In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution with respect to the shares payable in securities of the Company then, and in each such case, the Holder, on exercise of this Warrant at any time after the consummation, effective date or record date of such event, shall receive, in addition to the Warrant Stock (or such other stock or securities) issuable on such exercise prior to such date, the securities of the Company to which such Holder would have been entitled upon such date if such Holder had exercised this Warrant immediately prior thereto (all subject to further adjustment as provided in this Warrant).

9. Adjustment for Capital Reorganization Consolidation Merger. If any capital reorganization of the capital stock of the Company, or any consolidation or merger of the Company with or into another corporation, or the sale of all or substantially all of the Company's assets to another corporation shall be effected in such a way that holders of the Company's capital stock will be entitled to receive stock, securities or assets with respect to or in exchange for the Company's capital stock, and in each such case the Holder, upon the exercise of this Warrant, at any time after the consummation of such capital reorganization, consolidation, merger, or sale, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the exercise of this Warrant prior to such consummation, the stock or other securities or property to which such Holder would have been entitled upon such consummation if such Holder had exercised this Warrant immediately prior to the consummation of such capital reorganization, consolidation, merger, or sale, all subject to further adjustment as provided in this Section 10; and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation. The Warrant shall also be subject to adjustment on the same basis as the Company's Series C Convertible Preferred Stock is adjustable.

10. "Market Stand-Off" Agreement. The Holder agrees in connection with any underwritten registration of the Company's securities (other than a registration of securities in a Rule 415 of the Securities Act of 1933, as amended, ("Securities Act") transaction or with respect to an employee benefit plan), upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, pledge (or otherwise encumber or hypothecate), grant any option for the purchase of, or otherwise directly or indirectly dispose of any of its shares of Common Stock (other than those included in the registration) without the prior written consent of the Company and such managing underwriters for 180 days following the effective date of the registration statement for such offering under the Securities Act; provided, however, that such agreement shall not be required unless all officers and directors of the Company enter into similar agreements, and provided further that such agreement shall not be required with respect to shares underlying the warrant if the warrant has been called for redemption under paragraph 4A within 30 days before or 180 days after the filing of the registration statement with respect to such underwritten offering.

11. Transfer of Warrant. This Warrant may be transferred or assigned by the Holder hereof in whole or in part, provided that the transferor provides, at the Company's request, an opinion of counsel satisfactory to the Company that such transfer does not require registration under the Securities Act and the securities law applicable with respect to any other applicable jurisdiction.

12. Amendments and Waivers. This Warrant and any term hereof may only be amended, waived, discharged or terminated by a written instrument signed by the Company and the holders of at least 66 2/3% of the shares issuable upon exercise of the Callable Warrants then outstanding.

13. Miscellaneous. This Warrant shall be governed by the laws of the State of California, as such laws are applied to contracts to be entered into and performed entirely in California by California residents. The headings in this Warrant are for purposes of convenience and reference only, and shall not be deemed to constitute a part hereof. Neither this Warrant nor any term hereof may be changed or waived orally, but only by an instrument in writing signed by the Company and the Holder of this Warrant. All notices and other communications from the Company to the Holder of this Warrant shall be delivered, personally or mailed by first class mail, postage prepaid, to the address furnished to the Company in writing by the last Holder of this Warrant who shall have furnished an address to the Company in writing, and if mailed shall be deemed given three days after deposit in the United States mail.

DELIATROPH PHARMACEUTICALS, INC.
DBA HYALOZYME THERAPEUTICS, INC.

By:

Name:
Title:

Attachment 1

NOTICE OF EXERCISE

TO:

DELIATROPH PHARMACEUTICALS, INC. DBA HYALOZYME THERAPEUTICS, INC.

1. The undersigned hereby elects to purchase _____ shares of the Warrant Stock of DeliaTroph Pharmaceuticals, Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price in full, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

(Name)
(Address)

(Date)

Attachment 2

INVESTMENT REPRESENTATION STATEMENT

Shares of Warrant Stock
(as defined in the attached Warrant) of
DELIATROPH PHARMACEUTICALS, INC.

In connection with the purchase of the above-listed securities, the undersigned hereby represents to DeliaTroph Pharmaceuticals, Inc. (the "Company") as follows:

(a) The securities to be received upon the exercise of the Warrant (the "Warrant Stock") will be acquired for investment for its own account; not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and the undersigned has no present intention of selling, granting participation in or otherwise distributing the same, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control. By executing this Statement, the undersigned further represents that he does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer, or grant participation to such person or to any third person, with respect to any Warrant Stock issuable upon exercise of the Warrant.

(b) The undersigned understands that the Warrant Stock issuable upon exercise of the Warrant at the time of issuance may not be registered under the Securities Act, and applicable state securities laws, on the ground that the issuance of such securities is exempt pursuant to Section 4 (2) of the Securities Act and state law exemptions relating to offers and sales not by means of a public offering, and that the Company's reliance on such exemptions is predicated on the undersigned's representations set forth herein.

(c) The undersigned agrees that in no event will he make a disposition of any Warrant Stock acquired upon the exercise of the Warrant unless and until (i) he shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition, and (ii) he shall have furnished the Company with an opinion of counsel satisfactory to the Company and Company's counsel to the effect that (A) appropriate action necessary for compliance with the Securities Act and any applicable state securities laws has been taken or an exemption from the registration requirements of the Securities Act and such laws is available, and (B) the proposed transfer will not violate any of said laws.

(d) The undersigned acknowledges that an investment in the Company is highly speculative and represents that he is able to fend for itself in the transactions contemplated by this Statement, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investments, and has the ability to bear the economic risks (including the risk of a total loss) of its investment. The undersigned represents that he has had the opportunity to ask questions of the Company concerning the Company's business and assets and to obtain any additional information which he considered necessary to verify the accuracy of or to amplify the Company's disclosures, and has had all questions which have been asked by he satisfactorily answered by the Company.

(e) The undersigned acknowledges that the Warrant Stock issuable upon exercise of the Warrant must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. The undersigned is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale occurring not less than one year after a party has purchased and paid for the security to be sold, the sale being through a "broker's transaction" or in transactions directly with a "market makers" (as provided by Rule 144(f)) and the number of shares being sold during any three-month period not exceeding specified limitations.

(Date)

Attachment 3

NOTICE OF CONVERSION

TO: DELIATROPH PHARMACEUTICALS, INC.

1. The undersigned hereby elects to acquire _____ shares of the Warrant Stock of DeliaTroph Pharmaceuticals, Inc. pursuant to the terms of the attached Warrant, by conversion of _____ percent (_____%) of the Warrant.

2. Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

(Name)
(Address)

(Date)

HALE LANE
ATTORNEYS AT LAW
5441 Kietzke Lane | Second Floor | Reno, Nevada 89511
Telephone (775) 327-3000 | Facsimile (775) 786-6179
Website: http://www.halelane.com

July 23, 2004

Halozyme Therapeutics, Inc.
11588 Sorrento Valley Road, Suite 17
San Diego, CA 92121

Re: Registration Statement on Form SB-2 for 29,508,664 Shares of Common Stock

Ladies and Gentlemen:

We are acting as special Nevada counsel for Halozyme Therapeutics, Inc., a Nevada corporation (the "Company"), in connection with the Registration Statement on Form SB-2 relating to the registration under the Securities Act of 1933 (the "Act") of 29,508,664 shares of Common Stock, par value $.001 per share (the "Common Stock") of the Company, all of which are to be offered and sold by certain stockholders of the Company (the "Selling Stockholders"). (Such Registration Statement filed with the Securities and Exchange Commission on April 23, 2004, as amended, is herein referred to as the "Registration Statement.")

We have reviewed and are familiar with (a) the Company's Articles of Incorporation and Bylaws, (b) a certificate of an officer of the Company representing certain matters in connection with the original issuance of the Common Stock, which representations we have assumed the validity of and relied on, and (c) such other matters as we have deemed necessary for this opinion.

Based upon the foregoing, we are of the opinion that the shares of Common Stock to be offered and sold by the Selling Stockholders, to the extent currently outstanding, have been duly authorized and legally issued by the Company and are fully paid and nonassessable, and to the extent issuable upon conversion or exercise of certain warrants held by the Selling Stockholders, when issued in accordance with the exercise provisions of such warrants, will be duly authorized and legally issued by the Company and fully paid and nonassessable. This opinion is limited to matters governed by the general corporation law of the State of Nevada as set forth in Chapter 78 of the Nevada Revised Statutes.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the use of our name under the caption "Interest of Named Experts and Counsel" in the Registration Statement and prospectus included therein. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

This opinion letter is given to you solely for use in connection with the issuance of the Common Stock and sale of the Common Stock in accordance with the Registration Statement. This opinion letter is given as of the date first written above and we disclaim any obligation to advise you of any facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinions expressed herein. Our opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company, the Common Stock or the Registration Statement.

Sincerely,

Hale Lane Peek Dennison and Howard
Professional Corporation

HALOZYME THERAPEUTICS, INC.
2004 STOCK PLAN

1. ESTABLISHMENT, PURPOSE AND TERM OF PLAN.

1.1 ESTABLISHMENT. Halozyme Therapeutics, Inc. 2004 Stock Plan (the "PLAN") is hereby established effective as of May 21, 2004.

1.2 PURPOSE. The purpose of the Plan is to advance the interests of the Participating Company Group and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 TERM OF PLAN. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Awards granted under the Plan have lapsed. However, all Awards shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the shareholders of the Company.

2. DEFINITIONS AND CONSTRUCTION.

2.1 DEFINITIONS. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "AWARD" means an Option or Stock Purchase Right granted under the Plan.

(b) "BOARD" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "BOARD" also means such Committee(s).

(c) "CODE" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(d) "COMMITTEE" means the compensation committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(e) "COMPANY" means Halozyme Therapeutics, Inc., a Nevada corporation, or any successor corporation thereto.

(f) "CONSULTANT" means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of

such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on either the exemption from registration provided by Rule 701 under the Securities Act or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act.

(g) "DIRECTOR" means a member of the Board or of the board of directors of any other Participating Company.

(h) "DISABILITY" means the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Participating Company Group because of the sickness or injury of the Participant.

(i) "EMPLOYEE" means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

(j) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(k) "FAIR MARKET VALUE" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the Stock is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq SmallCap Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall Street Journal or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, the Stock is not listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(l) "INCENTIVE STOCK OPTION" means an Option intended to be (as set forth in the Option Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(m) "INSIDER" means an Officer, a Director of the Company or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(n) "NONSTATUTORY STOCK OPTION" means an Option not intended to be (as set forth in the Option Agreement) or which does not qualify as an Incentive Stock Option.

(o) "OFFICER" means any person designated by the Board as an officer of the Company.

(p) "OPTION" means a right granted under Section 6 to purchase Stock pursuant to the terms and conditions of the Plan. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(q) "OPTION AGREEMENT" means a written agreement between the Company and a Participant setting forth the terms, conditions and restrictions of the Option granted to the Participant and any shares acquired upon the exercise thereof. An Option Agreement may consist of a form of "Notice of Grant of Stock Option" and a form of "Stock Option Agreement" incorporated therein by reference, or such other form or forms as the Board may approve from time to time.

(r) "PARENT CORPORATION" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(s) "PARTICIPANT" means any eligible person who has been granted one or more Awards.

(t) "PARTICIPATING COMPANY" means the Company or any Parent Corporation or Subsidiary Corporation.

(u) "PARTICIPATING COMPANY GROUP" means, at any point in time, all corporations collectively which are then Participating Companies.

(v) "PRIOR PLAN OPTIONS" means any option granted by the Company which is subject to vesting or repurchase by the Company, including specifically, all such options granted pursuant to the Company's Amended and Restated 2001 Stock Plan which is outstanding on or after the Effective Date.

(w) "RULE 16B-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(x) "SECURITIES ACT" means the Securities Act of 1933, as amended.

(y) "SERVICE" means a Participant's employment or service with the Participating Company Group, whether in the capacity of an Employee, a Director or a Consultant. A Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders Service to the Participating Company Group or a change in the Participating Company for which the Participant renders such Service, provided that there is no interruption or termination of the Participant's Service. Furthermore, a Participant's Service shall not be deemed to have terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company; provided, however, that if any such leave exceeds ninety (90) days, on the one hundred eighty-first (181st) day following the commencement of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonstatutory Stock Option unless the Participant's right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Participant's Option Agreement or Stock Purchase Agreement. Except as otherwise provided by the Board, in its discretion, the Participant's Service shall be deemed to have terminated either upon an actual termination of Service or upon the corporation for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant's Service has terminated and the effective date of and reason for such termination.

(z) "STOCK" means the common stock of the Company, as adjusted from time to time in accordance with Section 4.2.

(aa) "STOCK PURCHASE AGREEMENT" means a written agreement between the Company and a Participant setting forth the terms, conditions and restrictions of the Stock Purchase Right granted to the Participant and any shares acquired upon the exercise thereof. A Stock Purchase Agreement may consist of a form of "Notice of Grant of Stock Purchase Right" and a form of "Stock Purchase Agreement" incorporated therein by reference, or such other form or forms as the Board may approve from time to time.

(bb) "STOCK PURCHASE RIGHT" means a right granted under
Section 7 to purchase Stock pursuant to the terms and conditions of the Plan.

(cc) "SUBSIDIARY CORPORATION" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(dd) "TEN PERCENT SHAREHOLDER" means a person who, at the time an Award is granted to such person, owns stock possessing more than ten percent (10%) of the total combined voting power (as defined in Section 194.5 of the California Corporations Code) of all classes of stock of a Participating Company within the meaning of Section 422(b)(6) of the Code.

2.2 CONSTRUCTION. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. ADMINISTRATION.

3.1 ADMINISTRATION BY THE BOARD. The Plan shall be administered by the Board. All questions of interpretation of the Plan or of any Award shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Award.

3.2 AUTHORITY OF OFFICERS. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, determination or election. The Board may, in its discretion, delegate to a committee comprised of one or more Officers the authority to grant one or more Awards, without further approval of the Board or the Committee, to any Employee or Consultant, other than a person who, at the time of such grant, is an Insider; provided, however, that (a) such Awards shall not be granted for shares in excess of the maximum aggregate number of shares of Stock authorized for issuance pursuant to Section 4.1, (b) the exercise price per share of each Option shall be not less than the minimum amount required by Section 6.1, and (iii) each such Award shall be subject to the terms and conditions of the appropriate standard form of Award Agreement approved by the Board or the Committee and shall conform to the provisions of the Plan and such other guidelines as shall be established from time to time by the Board or the Committee.

3.3 POWERS OF THE BOARD. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock to be subject to each Award;

(b) to designate Options as Incentive Stock Options or Nonstatutory Stock Options;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Award, (ii) the method of payment for shares purchased upon the exercise of the Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Award or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the exercisability of the Award or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Award, (vi) the effect of the Participant's termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Award or such shares not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Option Agreement and Stock Purchase Agreement;

(f) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired upon the exercise thereof;

(g) to accelerate, continue, extend or defer the exercisability of any Award or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following a Participant's termination of Service;

(h) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Awards; and

(i) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement or Stock Purchase Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Board may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.4 ADMINISTRATION WITH RESPECT TO INSIDERS. With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3.

3.5 COMMITTEE COMPLYING WITH SECTION 162(M). If the Company is a "publicly held corporation" within the meaning of Section 162 (m), the Board may establish a Committee of "outside directors" within the meaning of Section 162(m) to approve the grant of any Award which might reasonably be anticipated to result in the payment of employee remuneration that would otherwise exceed the limit on employee remuneration deductible for income tax purposes pursuant to Section 162(m).

3.6 INDEMNIFICATION. In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in

satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. SHARES SUBJECT TO PLAN.

4.1 MAXIMUM NUMBER OF SHARES ISSUABLE. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be Ten Million (10,000,000), reduced at any time by the number of shares subject to the Prior Plan Options. Such shares shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If any outstanding Award, including any Prior Plan Options, for any reason, expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture or repurchase, including any Prior Plan Options, are forfeited or repurchased by the Company, the shares of Stock allocable to the terminated portion of such Award, including any Prior Plan Options, or such forfeited or repurchased shares of Stock shall again be available for grant under the Plan. However, except as adjusted pursuant to Section 4.2, in no event shall more than Ten Million (10,000,000) shares of Stock be available for issuance pursuant to the exercise of Incentive Stock Options (the "ISO SHARE LIMIT"). Notwithstanding the foregoing, at any such time as the offer and sale of securities pursuant to the Plan is subject to compliance with Section 260.140.45 of Title 10 of the California Code of Regulations ("SECTION 260.140.45"), the total number of shares of Stock issuable upon the exercise of all outstanding Awards (together with options outstanding under any other stock plan of the Company) and the total number of shares provided for under any stock bonus or similar plan of the Company shall not exceed thirty percent (30%) (or such other higher percentage limitation as may be approved by the shareholders of the Company pursuant to Section 260.140.45) of the then outstanding shares of the Company as calculated in accordance with the conditions and exclusions of Section 260.140.45.

4.2 ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE. Subject to any required action by the shareholders of the Company, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the shareholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and class of shares subject to the Plan and to any outstanding Options, in the ISO Share Limit set forth in Section 4.1, and in the exercise price per share of any outstanding Options in order to prevent dilution or enlargement of Optionees' rights under the Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded down to the nearest whole number, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. Such adjustments shall be determined by the Board, and its determination shall be final, binding and conclusive.

5. ELIGIBILITY AND OPTION LIMITATIONS.

5.1 PERSONS ELIGIBLE FOR AWARDS. Awards may be granted only to Employees, Consultants, and Directors. Eligible persons may be granted more than one (1) Award. However, eligibility in accordance with this Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

5.2 OPTION GRANT RESTRICTIONS. An Incentive Stock Option may be granted only to a person who is an Employee on the effective date of grant of the Option to such person. Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option.

5.3 FAIR MARKET VALUE LIMITATION. To the extent that options designated as Incentive Stock Options (granted under all stock plans of the Participating Company Group, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portions of such options which exceed such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section 5.3, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 5.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this
Section 5.3, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option.

5.4 SECTION 162(M) AWARD LIMITS. The following limits shall apply to the grant of any Award if, at the time of grant, the Company is a "publicly held corporation" within the meaning of Section 162(m).

(a) OPTIONS. Subject to adjustment as provided in Section 4.2, no Employee shall be granted within any fiscal year of the Company one or more Options which in the aggregate are for more than Two Million (2,000,000) shares of Stock, provided, however, that the Company may make an additional one-time grant to any newly-hired Employee of an Option to purchase up to an additional One Million (1,000,000) shares of Stock. An Option which is canceled in the same fiscal year of the Company in which it was granted shall continue to be counted against such limit for such fiscal year.

(b) STOCK PURCHASE RIGHTS. Subject to adjustment as provided in Section 4.2, no Employee shall be granted within any fiscal year of the Company one or more Stock Purchase Rights which in the aggregate are for more

than One Million (1,000,000) shares of Stock, provided, however, that the Company may make an additional one-time grant to any newly-hired Employee of a Stock Purchase Right to purchase up to an additional Five Hundred Thousand (500,000) shares of Stock. A Stock Purchase Right which is canceled in the same fiscal year of the Company in which it was granted shall continue to be counted against such limit for such fiscal year.

6. TERMS AND CONDITIONS OF OPTIONS.

Options shall be evidenced by Option Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. No Option or purported Option shall be a valid and binding obligation of the Company unless evidenced by a fully executed Option Agreement. Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 EXERCISE PRICE. The exercise price for each Option shall be established in the discretion of the Board; provided, however, that (a) the exercise price per share for an Incentive Stock Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option, (b) the exercise price per share for a Nonstatutory Stock Option shall be not less than eighty-five percent (85%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option, and (c) no Option granted to a Ten Percent Shareholder shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.2 EXERCISABILITY AND TERM OF OPTIONS. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option,
(b) no Incentive Stock Option granted to a Ten Percent Shareholder shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and (c) with the exception of an Option granted to an Officer, a Director or a Consultant, no Option shall become exercisable at a rate less than twenty percent (20%) per year over a period of five (5) years from the effective date of grant of such Option, subject to the Participant's continued Service. Subject to the foregoing, unless otherwise specified by the Board in the grant of an Option, any Option granted hereunder shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 PAYMENT OF EXERCISE PRICE.

(a) FORMS OF CONSIDERATION AUTHORIZED. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or

cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by delivery of a properly executed notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "CASHLESS EXERCISE"), (iv) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (v) by any combination thereof. The Board may at any time or from time to time, by approval of or by amendment to the standard forms of Option Agreement described in Section 8, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) LIMITATIONS ON FORMS OF CONSIDERATION.

(i) TENDER OF STOCK. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for more than six (6) months (and were not used for another Option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) CASHLESS EXERCISE. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

6.4 EFFECT OF TERMINATION OF SERVICE.

(a) OPTION EXERCISABILITY. Subject to earlier termination of the Option as otherwise provided herein and unless otherwise provided by the Board in the grant of an Option and set forth in the Option Agreement, an Option shall be exercisable after a Participant's termination of Service only during the applicable time period determined in accordance with this Section 6.4 and thereafter shall terminate:

(i) DISABILITY. If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve
(12) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Participant's Service terminated, but in any event no later than the date of expiration of the Option's term as set forth in the Option Agreement evidencing such Option (the "OPTION EXPIRATION DATE").

(ii) DEATH. If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months (or such longer period of time as determined by the Board, in its discretion) after the Participant's termination of Service.

(iii) TERMINATION FOR CAUSE. Notwithstanding any other provision of the Plan to the contrary, if the Participant's Service with the Participating Company Group is terminated for Cause, as defined by the Participant's Option Agreement or contract of employment or service (or, if not defined in any of the foregoing, as defined below), the Option shall terminate and cease to be exercisable immediately upon such termination of Service. Unless otherwise defined by the Participant's Option Agreement or contract of employment or service, for purposes of this Section 6.4(a)(iii) "CAUSE" shall mean any of the following: (1) the Participant's theft, dishonesty, or falsification of any Participating Company documents or records; (2) the Participant's improper use or disclosure of a Participating Company's confidential or proprietary information; (3) any action by the Participant which has a material detrimental effect on a Participating Company's reputation or business; (4) the Participant's failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (5) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (6) the Participant's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Participant's ability to perform his or her duties with a Participating Company.

(iv) OTHER TERMINATION OF SERVICE. If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable by the Participant on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) EXTENSION IF EXERCISE PREVENTED BY LAW. Notwithstanding the foregoing other than termination for Cause, if the exercise of an Option within the applicable time periods set forth in Section 6.4(a) is prevented by the provisions of Section 11 below, the Option shall remain exercisable until three (3) months (or such longer period of time as determined by the Board, in its discretion) after the date the Participant is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

(c) EXTENSION IF PARTICIPANT SUBJECT TO SECTION 16(B). Notwithstanding the foregoing other than termination for Cause, if a sale within the applicable time periods set forth in Section 6.4(a) of shares acquired upon the exercise of the Option would subject the Participant to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Participant would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Participant's termination of Service, or (iii) the Option Expiration Date.

6.5 TRANSFERABILITY OF OPTIONS. During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. No Option shall be assignable or transferable by the Participant, except by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Board, in its discretion, and set forth in the Option Agreement evidencing such Option, a Nonstatutory Stock Option shall be assignable or transferable subject to the applicable limitations, if any, described in Section 260.140.41 of Title 10 of the California Code of Regulations, Rule 701 under the Securities Act, and the General Instructions to Form S-8 Registration Statement under the Securities Act.

7. TERMS AND CONDITIONS OF STOCK PURCHASE RIGHTS.

Stock Purchase Rights shall be evidenced by Stock Purchase Agreements, specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. No Stock Purchase Right or purported Stock Purchase Right shall be a valid and binding obligation of the Company unless evidenced by a fully executed Stock Purchase Agreement. Stock Purchase Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 PURCHASE PRICE. The purchase price under each Stock Purchase Right shall be established by the Board; provided, however, that (a) the purchase price per share shall be at least eighty-five percent (85%) of the Fair Market Value of a share of Stock either on the effective date of grant of the Stock Purchase Right or on the date on which the purchase is consummated and (b) the purchase price per share under a Stock Purchase Right granted to a Ten Percent Shareholder shall be at least one hundred percent (100%) of the Fair Market Value of a share of Stock either on the effective date of grant of the Stock Purchase Right or on the date on which the purchase is consummated.

7.2 PURCHASE PERIOD. A Stock Purchase Right shall be exercisable within a period established by the Board, which shall in no event exceed thirty
(30) days from the effective date of the grant of the Stock Purchase Right.

7.3 PAYMENT OF PURCHASE PRICE. Except as otherwise provided below, payment of the purchase price for the number of shares of Stock being purchased pursuant to any Stock Purchase Right shall be made (a) in cash, by check, or cash equivalent, (b) in the form of the Participant's past service rendered to a Participating Company or for its benefit having a value not less than the aggregate purchase price of the shares being acquired, (c) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (d) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard form of Stock Purchase Agreement described in Section 8, or by other means, grant Stock Purchase Rights which do not permit all of the foregoing forms of consideration to be used in payment of the purchase price or which otherwise restrict one or more forms of consideration.

7.4 VESTING AND RESTRICTIONS ON TRANSFER. Shares issued pursuant to any Stock Purchase Right may or may not be made subject to vesting conditioned upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria (the "VESTING CONDITIONS") as shall be established by the Board and set forth in the Stock Purchase Agreement evidencing such Award. During any period (the "RESTRICTION PERIOD") in which shares acquired pursuant to a Stock Purchase Right remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an Ownership Change Event, as defined in Section 9.1, or as provided in Section 7.5. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

7.5 EFFECT OF TERMINATION OF SERVICE. Unless otherwise provided by the Board in the grant of a Stock Purchase Right and set forth in the Stock Purchase Agreement, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then the Company shall have the option to repurchase for the purchase price paid by the Participant any shares acquired by the Participant pursuant to a Stock Purchase Right which remain subject to Vesting Conditions as of the date of the Participant's termination of Service; provided, however, that with the exception of shares acquired pursuant to a Stock Purchase Right by an Officer, a Director or a Consultant, the Company's repurchase option must lapse at the rate of at least twenty percent (20%) of the shares per year over the period of five (5) years from the effective date of grant of the Stock Purchase Right (without regard to the date on which the Stock Purchase Right was exercised) and the repurchase option must be exercised, if at all, for cash or cancellation of purchase money indebtedness for the shares within ninety (90) days following the Participant's termination of Service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

7.6 NONTRANSFERABILITY OF STOCK PURCHASE RIGHTS. Rights to acquire shares of Stock pursuant to a Stock Purchase Right may not be assigned or transferred in any manner except by will or the laws of descent and distribution, and, during the lifetime of the Participant, shall be exercisable only by the Participant.

8. STANDARD FORMS OF AGREEMENTS.

8.1 OPTION AGREEMENT. Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement approved by the Board concurrently with its adoption of the Plan and as amended from time to time.

8.2 STOCK PURCHASE AGREEMENT. Unless otherwise provided by the Board at the time the Stock Purchase Right is granted, a Stock Purchase Right shall be subject to the terms and conditions set forth in the form of Stock Purchase Agreement approved by the Board concurrently with its adoption of the Plan and as amended from time to time.

8.3 AUTHORITY TO VARY TERMS. The Board shall have the authority from time to time to vary the terms of any standard form of agreement described in this Section 8 either in connection with the grant or amendment of an individual Award or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of agreement are not inconsistent with the terms of the Plan.

9. CHANGE IN CONTROL.

9.1 DEFINITIONS.

(a) An "OWNERSHIP CHANGE EVENT" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the shareholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A "CHANGE IN CONTROL" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, a "TRANSACTION") wherein the shareholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting securities of the Company or, in the case of a Transaction described in Section 9.1(a)(iii), the corporation or other business entity to which the assets of the Company were transferred (the "TRANSFEREE"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities. The Board shall have the right to determine whether multiple sales or exchanges of the voting securities of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

9.2 EFFECT OF CHANGE IN CONTROL ON OPTIONS.

(a) ACCELERATED VESTING. Notwithstanding any other provision of the Plan to the contrary, the Board, in its sole discretion, may provide in any Award Agreement or, in the event of a Change in Control, may take such actions as it deems appropriate to provide for the acceleration of the exercisability and vesting in connection with such Change in Control of any or all outstanding Options and shares acquired upon the exercise of such Options.

(b) ASSUMPTION OF OPTIONS. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "ACQUIROR"), may, without the consent of any Participant, either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiror's stock. In the event that the Acquiror elects not to assume or substitute for outstanding Options in connection with a Change in Control, the exercisability and vesting of each such outstanding Option held by a Participant whose Service has not terminated prior to such date shall be accelerated, effective as of the date ten (10) days prior to the date of the Change in Control. Any Options which are neither assumed by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of the Award Agreement evidencing such Option except as otherwise provided in such Award Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 9.1(a)(i) constituting a Change in Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its discretion.

(c) CASH-OUT OF OPTIONS. The Board may, in its sole discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Option outstanding immediately prior to the Change in Control shall be canceled in exchange for a payment with respect to each vested share of Stock subject to such canceled Option in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control over the exercise price per share under such Option (the "SPREAD"). In the event such determination is made by the Board, the Spread (reduced by applicable withholding taxes, if any) shall be paid to Participants in respect of their canceled Options as soon as practicable following the date of the Change in Control.

9.3 EFFECT OF CHANGE IN CONTROL ON STOCK PURCHASE RIGHT. In the event of a Change in Control, the Acquiror, may, without the consent of any Participant, either assume the Company's rights and obligations under outstanding Stock Purchase Rights or substitute for outstanding Stock Purchase Rights substantially equivalent purchase rights for the Acquiror's stock. Any Stock Purchase Rights which are neither assumed or substituted for by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of a Stock Purchase Right prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of the Stock Purchase Agreement evidencing such Stock Purchase Right except as otherwise

provided in such Stock Purchase Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Stock Purchase Rights immediately prior to an Ownership Change Event described in Section 9.1(a)(i) constituting a Change in Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Stock Purchase Rights shall not terminate unless the Board otherwise provides in its discretion.

9.4 FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE.

(a) EXCESS PARACHUTE PAYMENT. In the event that any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an "excess parachute payment" under Section 280G of the Code, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization.

(b) DETERMINATION BY INDEPENDENT ACCOUNTANTS. To aid the Participant in making any election called for under Section 9.4(a), no later than the date of the occurrence of any event that might reasonably be anticipated to result in an "excess parachute payment" to the Participant as described in Section 9.4(a), the Company shall request a determination in writing by independent public accountants selected by the Company (the "ACCOUNTANTS"). As soon as practicable thereafter, the Accountants shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 9.4(b).

10. TAX WITHHOLDING.

10.1 TAX WITHHOLDING IN GENERAL. The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise of an Option, to make adequate provision for, the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to an Option Agreement or Stock Purchase Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Participant.

10.2 WITHHOLDING IN SHARES. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of the Participating Company Group. The Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates.

11. COMPLIANCE WITH SECURITIES LAW.

The grant of Awards and the issuance of shares of Stock upon exercise of Awards shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Awards may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Award be in effect with respect to the shares issuable upon exercise of the Award or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

12. TERMINATION OR AMENDMENT OF PLAN.

The Board may terminate or amend the Plan at any time. However, subject to changes in applicable law, regulations or rules that would permit otherwise, without the approval of the Company's shareholders, there shall be
(a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Section 4.2),
(b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's shareholders under any applicable law, regulation or rule. No termination or amendment of the Plan shall affect any then outstanding Award unless expressly provided by the Board. In any event, no termination or amendment of the Plan may adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option or is necessary to comply with any applicable law, regulation or rule.

13. MISCELLANEOUS PROVISIONS.

13.1 REPURCHASE RIGHTS. Shares issued under the Plan may be subject to a right of first refusal, one or more repurchase options, or other conditions and restrictions as determined by the Board in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

13.2 PROVISION OF INFORMATION. At least annually, copies of the Company's balance sheet and income statement for the just completed fiscal year shall be made available to each Participant and purchaser of shares of Stock upon the exercise of an Award. The Company shall not be required to provide such information to key employees whose duties in connection with the Company assure them access to equivalent information. Furthermore, the Company shall deliver to each Participant such disclosures as are required in accordance with Rule 701 under the Securities Act.

13.3 SHAREHOLDER APPROVAL. The Plan or any increase in the maximum aggregate number of shares of Stock issuable thereunder as provided in Section
4.1 (the "AUTHORIZED SHARES") shall be approved by a majority of the outstanding securities of the Company entitled to vote within twelve (12) months before or after the date of adoption thereof by the Board. Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of security holder approval of the Plan or such increase in the Authorized Shares, as the case may be.

PLAN HISTORY

May 21, 2004	Board adopts Plan, with an initial reserve of 10,000,000 shares.
_____, 2004	Shareholders of the Company approve Plan.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

HALOZYME THERAPEUTICS, INC.
STOCK OPTION AGREEMENT
(Double Trigger Acceleration)

Halozyme Therapeutics, Inc. has granted to the individual (the "Participant") named in the Notice of Grant of Stock Option (the "Notice") to which this Stock Option Agreement (the "Option Agreement") is attached an option (the "Option") to purchase certain shares of Stock upon the terms and conditions set forth in the Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Halozyme Therapeutics, Inc. 2004 Stock Plan (the "Plan"), as amended to the Date of Option Grant, the provisions of which are incorporated herein by reference. By signing the Notice, the Participant: (a) represents that the Participant has received copies of, and has read and is familiar with the terms and conditions of, the Notice, the Plan and this Option Agreement, (b) accepts the Option subject to all of the terms and conditions of the Notice, the Plan and this Option Agreement, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Notice, the Plan or this Option Agreement.

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Notice or the Plan.

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. TAX CONSEQUENCES.

2.1 Tax Status of Option. This Option is intended to have the tax status designated in the Notice.

(a) Incentive Stock Option. If the Notice so designates, this Option is intended to be an Incentive Stock Option within the meaning of Section 422(b) of the Code, but the Company does not represent or warrant that this Option qualifies as such. The Participant should consult with the Participant's own tax advisor regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. (NOTE TO PARTICIPANT: If the Option is exercised more than three (3) months after the date on which you cease to be an Employee (other than by reason of your death or permanent and total disability as defined in Section 22(e)(3) of the Code), the Option will be treated as a Nonstatutory Stock Option and not as an Incentive Stock Option to the extent required by Section 422 of the Code.)

(b) Nonstatutory Stock Option. If the Notice so designates, this Option is intended to be a Nonstatutory Stock Option and shall not be treated as an Incentive Stock Option within the meaning of Section 422(b) of the Code.

2.2 ISO Fair Market Value Limitation. If the Notice designates this Option as an Incentive Stock Option, then to the extent that the Option (together with all Incentive Stock Options granted to the Participant under all stock option plans of the Participating Company Group, including the Plan) becomes exercisable for the first time during any calendar year for shares having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such options which exceeds such amount will be treated as Nonstatutory Stock Options. For purposes of this Section 2.2, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of stock is determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 2.2, such different limitation shall be deemed incorporated herein effective as of the date required or permitted by such amendment to the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section 2.2, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option. (NOTE TO PARTICIPANT: If the aggregate Exercise Price of the Option (that is, the Exercise Price multiplied by the Number of Option Shares) plus the aggregate exercise price of any other Incentive Stock Options you hold (whether granted pursuant to the Plan or any other stock option plan of the Participating Company Group) is greater than $100,000, you should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an Incentive Stock Option.)

3. ADMINISTRATION.

All questions of interpretation concerning this Option Agreement shall be determined by the Board. All determinations by the Board t 6 0 shall be final and binding upon all persons having an interest in the Option. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

4. EXERCISE OF THE OPTION.

4.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable on and after the Initial Vesting Date and prior to the termination of the Option (as provided in Section 6) in an amount not to exceed the number of Vested Shares less the number of shares previously acquired upon exercise of the Option, subject to the Company's repurchase rights set forth in Section 11. In no event shall the Option be exercisable for more shares than the Number of Option Shares, as adjusted pursuant to Section 9.

4.2 Method of Exercise. Exercise of the Option shall be by written notice to the Company which must state the election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Participant's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. The written notice must be signed by the Participant and must be delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Section 6, accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such written notice and the aggregate Exercise Price.

4.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of whole shares of Stock owned by the Participant having a Fair Market Value not less than the aggregate Exercise Price, (iii) by means of a Cashless Exercise, as defined in Section 4.3(b), or (iv) by any combination of the foregoing.

(b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. The Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for more than six (6) months (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) Cashless Exercise. A "Cashless Exercise" means the delivery of a properly executed notice together with irrevocable instructions to a broker in a form acceptable to the Company providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares of Stock acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to decline to approve or terminate any such program or procedure.

4.4 Tax Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for (including by means of a Cashless Exercise to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Participating Company Group, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole or in part, of the Option or (ii) the transfer, in whole or in part, of any shares acquired upon exercise of the Option. The Option is not exercisable unless the tax withholding obligations of the Participating Company Group are satisfied. Accordingly, the Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company Group have been satisfied by the Participant.

4.5 Certificate Registration. Except in the event the Exercise Price is paid by means of a Cashless Exercise, the certificate for the shares as to which the Option is exercised shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

4.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE PARTICIPANT IS CAUTIONED

THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE PARTICIPANT MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

5. NONTRANSFERABILITY OF THE OPTION.

The Option may be exercised during the lifetime of the Participant only by the Participant or the Participant's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution. Following the death of the Participant, the Option, to the extent provided in Section 7, may be exercised by the Participant's legal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

6. TERMINATION OF THE OPTION.

The Option shall terminate and may no longer be exercised after the first to occur of (a) the close of business on the Option Expiration Date, (b) the close of business on the last date for exercising the Option following termination of the Participant's Service as described in Section 7, or (c) a Change in Control to the extent provided in Section 8.

7. EFFECT OF TERMINATION OF SERVICE.

7.1 Option Exercisability.

(a) Disability. If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) Death. If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of Service.

(c) Termination for Cause. Notwithstanding any other provision of this Option Agreement, if the Participant's Service is terminated for Cause (as defined below), the Option shall terminate and cease to be exercisable on the effective date of such termination of Service.

(d) Termination After Change in Control. If the Participant's Service ceases as a result of Termination After Change in Control (as defined below), (i) the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of six (6) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date, and (ii) the Option shall become immediately vested and exercisable in full and the Vested Ratio shall be deemed to be 1/1 as of the date on which the Participant's Service terminated.

(e) Other Termination of Service. If the Participant's Service with the Participating Company Group terminates for any reason, except Disability, death, Termination After Change in Control or Cause, the Option, to the extent unexercised and exercisable by the Participant on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such other longer period of time as determined by the Board, in its discretion) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

7.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing other than termination for Cause, if the exercise of the Option within the applicable time periods set forth in Section 7.1 is prevented by the provisions of Section 4.6, the Option shall remain exercisable until thirty (30) days after the date the Participant is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

7.3 Extension if Participant Subject to Section 16(b). Notwithstanding the foregoing other than termination for Cause, if a sale within the applicable time periods set forth in Section 7.1 of shares acquired upon the exercise of the Option would subject the Participant to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Participant would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Participant's termination of Service, or (iii) the Option Expiration Date.

7.4 Certain Definitions.

(a) "Termination After Change in Control" shall mean either of the following events occurring within twelve (12) months after a Change in Control:

(i) termination by the Participating Company Group of the Participant's Service with the Participating Company Group for any reason other than for Cause (as defined below); or

(ii) the Participant's resignation for Good Reason (as defined below) from all capacities in which the Participant is then rendering Service to the Participating Company Group within a reasonable period of time following the event constituting Good Reason.

Notwithstanding any provision herein to the contrary, Termination After Change in Control shall not include any termination of the Participant's Service with the Participating Company Group which (1) is for Cause; (2) is a result of the Participant's death or disability; (3) is a result of the Participant's voluntary termination of Service other than for Good Reason; or (4) occurs prior to the effectiveness of a Change in Control.

(b) "Good Reason" shall mean any one or more of the following:

(i) without the Participant's express written consent, the assignment to the Participant of any duties, or any limitation of the Participant's responsibilities, substantially inconsistent with the Participant's positions, duties, responsibilities and status with the Participating Company Group immediately prior to the date of the Change in Control;

(ii) without the Participant's express written consent, the relocation of the principal place of the Participant's Service to a location that is more than fifty (50) miles from the Participant's principal place of Service immediately prior to the date of the Change in Control, or the imposition of travel requirements substantially more demanding of the Participant than such travel requirements existing immediately prior to the date of the Change in Control;

(iii) any failure by the Participating Company Group to pay, or any material reduction by the Participating Company Group of, (1) the Participant's base salary in effect immediately prior to the date of the Change in Control (unless reductions comparable in amount and duration are concurrently made for all other employees of the Participating Company Group with responsibilities, organizational level and title comparable to the Participant's), or (2) the Participant's bonus compensation, if any, in effect immediately prior to the date of the Change in Control (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned by the Participant); or

(iv) any failure by the Participating Company Group to (1) continue to provide the Participant with the opportunity to participate, on terms no less favorable than those in effect for the benefit of any employee or service provider group which customarily includes a person holding the employment or service provider position or a comparable position with the Participating Company Group then held by the Participant, in any benefit or compensation plans and programs, including, but not limited to, the Participating Company Group's life, disability, health, dental, medical, savings, profit sharing, stock purchase and retirement plans, if any, in which the Participant was participating immediately prior to the date of the Change in Control, or their equivalent, or (2) provide the Participant with all other fringe benefits (or their equivalent) from time to time in effect for the benefit of any employee or service provider group which customarily includes a person holding the employment or service provider position or a comparable position with the Participating Company Group then held by the Participant.

8. EFFECT OF CHANGE IN CONTROL.

8.1 Assumption of Options. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the consent of the Participant, either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiror's stock. In the event that the Acquiror elects not to assume or substitute for outstanding Options in connection with a Change in Control, the exercisability and vesting of each such outstanding Option held by the Participant, provided the Participant's Service has not terminated prior to such date shall be 100% accelerated, effective as of the date ten (10) days prior to the date of the Change in Control. Any Options which are neither assumed by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of this Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 9.1(a)(i) of the Plan constituting a Change in Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its discretion.

8.2 Cash-Out of Options. The Board may, in its sole discretion and without the consent of the Participant, determine that, upon the occurrence of a Change in Control, each or any Option outstanding immediately prior to the Change in Control shall be canceled in exchange for a payment with respect to each vested share of Stock subject to such canceled Option in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control over the exercise price per share under such Option (the "Spread"). In the event such determination is made by the Board, the Spread (reduced by applicable withholding taxes, if any) shall be paid to the Participant in respect of his canceled Options as soon as practicable following the date of the Change in Control.

9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.

Subject to any required action by the shareholders of the Company, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the shareholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number, Exercise Price and class of shares subject to the Option, in order to prevent dilution or enlargement of the Participant's rights under the Option. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section 9 shall be rounded down to the nearest whole number, and in no event may the purchase price of the Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. Such adjustments shall be determined by the Board, and its determination shall be final, binding and conclusive.

10. RIGHTS AS A SHAREHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.

The Participant shall have no rights as a shareholder with respect to any shares covered by the Option until the date of the issuance of a certificate for the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 9. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

11. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION.

The Participant shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Option Agreement. In addition, if the Notice designates this Option as an Incentive Stock Option, the Participant shall (a) promptly notify the Chief Financial Officer of the Company if the Participant disposes of any of the shares acquired pursuant to the Option within one (1) year after the date the Participant exercises all or part of the Option or within two (2) years after the Date of Option Grant and (b) provide the Company with a description of the circumstances of such disposition. Until such time as the Participant disposes of such shares in a manner consistent with the provisions of this Option Agreement, unless otherwise expressly authorized by the Company, the Participant shall hold all shares acquired pursuant to the Option in the Participant's name (and not in the name of any nominee) for the one-year period immediately after the exercise of the Option and the two-year period immediately after Date of Option Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Participant to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

12. LEGENDS.

The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Participant in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

12.1 "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT."

12.2 "THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("ISO"). IN ORDER TO OBTAIN THE PREFERENTIAL TAX TREATMENT AFFORDED TO ISOs, THE SHARES SHOULD NOT BE TRANSFERRED PRIOR TO [INSERT DISQUALIFYING DISPOSITION DATE HERE]. SHOULD THE REGISTERED HOLDER ELECT TO TRANSFER ANY OF THE SHARES PRIOR TO THIS DATE AND FOREGO ISO TAX TREATMENT, THE TRANSFER AGENT FOR THE SHARES SHALL NOTIFY THE CORPORATION IMMEDIATELY. THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE INCENTIVE STOCK OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) PRIOR TO THIS DATE OR UNTIL TRANSFERRED AS DESCRIBED ABOVE."

13. LOCK-UP AGREEMENT.

The Participant hereby agrees that in the event of any underwritten public offering of stock, including an initial public offering of stock, made by the Company pursuant to an effective registration statement filed under the Securities Act, the Participant shall not offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase or make any short sale of, or otherwise dispose of any shares of stock of the Company or any rights to acquire stock of the Company for such period of time from and after the effective date of such registration statement as may be established by the underwriter for such public offering; provided, however, that such period of time shall not exceed one hundred eighty (180) days from the effective date of the registration statement to be filed in connection with such public offering. The foregoing limitation shall not apply to shares registered in the public offering under the Securities Act.

14. RESTRICTIONS ON TRANSFER OF SHARES.

No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Participant), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Option Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

15. MISCELLANEOUS PROVISIONS.

15.1 Further Instruments. The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

15.2 Binding Effect. Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

15.3 Termination or Amendment. The Board may terminate or amend the Plan or the Option at any time; provided, however, that except as provided in
Section 8 in connection with a Change in Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Participant unless such termination or amendment is necessary to comply with any applicable law or government regulation. No amendment or addition to this Option Agreement shall be effective unless in writing.

15.4 Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, upon deposit in the United States Post Office, by registered or certified mail, or with an overnight courier service with postage and fees prepaid, addressed to the other party at the address shown below that party's signature or at such other address as such party may designate in writing from time to time to the other party.

15.5 Integrated Agreement. The Notice, this Option Agreement and the Plan constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Notice and the Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

15.6 Applicable Law. This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

15.7 Counterparts. The Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(TM) Incentive Stock Option Participant: _____ (TM) Nonstatutory Stock Option Date: _____

STOCK OPTION EXERCISE NOTICE

Halozyme Therapeutics, Inc.
Attention: Chief Financial Officer
11588 Sorrento Valley Road, Suite 17

San Diego, CA 92121

Ladies and Gentlemen:

1. Option. I was granted an option (the "Option") to purchase shares of the common stock (the "Shares") of Halozyme Therapeutics, Inc. (the "Company") pursuant to the Company's 2004 Stock Plan (the "Plan"), my Notice of Grant of Stock Option (the "Notice") and my Stock Option Agreement (the "Option Agreement") as follows:

Date of Option Grant:	_____
Number of Option Shares:	_____
Exercise Price per Share:	$_____

2. Exercise of Option. I hereby elect to exercise the Option to purchase the following number of Shares, all of which are Vested Shares in accordance with the Notice and the Option Agreement:

Total Shares Purchased:	_____
Total Exercise Price (Total Shares X Price per Share)	$_____

3. Payments. I enclose payment in full of the total exercise price for the Shares in the following form(s), as authorized by my Option Agreement:

(TM) Cash:	$_____
(TM) Check:	$_____
(TM) Tender of Company Stock:	Contact Plan Administrator

4. Tax Withholding. I authorize payroll withholding and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option. If I am exercising a Nonstatutory Stock Option, I enclose payment in full of my withholding taxes, if any, as follows:

(Contact Plan Administrator for amount of tax due.)

(TM) Cash: $_____

(TM) Check: $_____

5. Participant Information.

My address is: _____

My Social Security Number is: _____

6. Notice of Disqualifying Disposition. If the Option is an Incentive Stock Option, I agree that I will promptly notify the Chief Financial Officer of the Company if I transfer any of the Shares within one (1) year from the date I exercise all or part of the Option or within two (2) years of the Date of Option Grant.

7. Binding Effect. I agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Option Agreement, to all of which I hereby expressly assent. This Agreement shall inure to the benefit of and be binding upon my heirs, executors, administrators, successors and assigns.

8. Transfer. I understand and acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and that consequently the Shares must be held indefinitely unless they are subsequently registered under the Securities Act, an exemption from such registration is available, or they are sold in accordance with Rule 144 or Rule 701 under the Securities Act. I further understand and acknowledge that the Company is under no obligation to register the Shares. I understand that the certificate or certificates evidencing the Shares will be imprinted with legends which prohibit the transfer of the Shares unless they are registered or such registration is not required in the opinion of legal counsel satisfactory to the Company.

I am aware that Rule 144 under the Securities Act, which permits limited public resale of securities acquired in a nonpublic offering, is not currently available with respect to the Shares and, in any event, is available only if certain conditions are satisfied. I understand that any sale of the Shares that might be made in reliance upon Rule 144 may only be made in limited amounts in accordance with the terms and conditions of such rule and that a copy of Rule 144 will be delivered to me upon request.

I understand that I am purchasing the Shares pursuant to the terms of the Plan, the Notice and my Option Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

(Signature)

Receipt of the above is hereby acknowledged.

HALOZYME THERAPEUTICS, INC.

By: _____

Title: _____

Dated: _____

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of _____, is made by and between Halozyme Therapeutics, Inc., a Nevada corporation (the "Company"), and _____ (the "INDEMNITEE").

RECITALS

1. The Company is aware that competent and experienced persons may only serve as directors, officers or agents of corporations if they are protected by comprehensive liability insurance and have the right to indemnification.

2. Based upon their experience as business managers, the Board of Directors of the Company (the "BOARD") has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to take the business risks necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to assume for itself maximum liability for expenses and damages in connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company's stockholders.

3. Section 78.7502 of the Nevada Revised Statutes, under which the Company is organized ("SECTION 78.7502"), empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 78.7502 is not exclusive.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

(a) Definitions.

(i) Agent. For the purposes of this Agreement, "agent" of the Company means any person who is or was a director, officer, employee or other agent of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director, officer, employee or agent of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

(ii) Expenses. For purposes of this Agreement, "expenses" include all out-of-pocket costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement or Section 78.7502 or otherwise; provided, however, that "expenses" shall not include any judgments, fines, ERISA excise taxes or penalties, or amounts paid in settlement of a proceeding.

(iii) Proceeding. For the purposes of this Agreement, "proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, or investigative.

(iv) Subsidiary. For purposes of this Agreement, "subsidiary" means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

(b) Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

(c) Liability Insurance.

(i) Maintenance of D&O Insurance. The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as an agent of the Company and thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to Section 3(c), shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O INSURANCE") in reasonable amounts from established and reputable insurers.

(ii) Rights and Benefits. In all policies of D&O Insurance, the Indemnitee shall have the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if the Indemnitee is not a director or officer but is a key employee.

(iii) Limitation on Required Maintenance of D&O Insurance. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

(d) Mandatory Indemnification. Subject to Section 9 below, the Company shall indemnify the Indemnitee as follows:

(i) Successful Defense. To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which the Indemnitee was a party by reason of the fact that he is or was an agent of the Company at any time, against all expenses of any type whatsoever actually and reasonably incurred by him in connection with the investigation, defense or appeal of such proceeding.

(ii) Third Party Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(iii) Derivative Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders; except that no indemnification under this subsection 4 (c) shall be made in respect to any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper.

(iv) Actions where Indemnitee is Deceased. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, and if prior to, during the pendency of after completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify the Indemnitee's heirs, executors and administrators against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Sections 4(a), 4(b), or 4(c) above were Indemnitee still alive.

(v) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) for which payment is actually made to or on behalf of Indemnitee under a valid and collectible insurance policy of D&O Insurance, or under a valid and enforceable indemnity clause, by-law or agreement.

(e) Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a proceeding, but not entitled, however, to indemnification for all of the total amount hereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion hereof to which the Indemnitee is not entitled.

(f) Mandatory Advancement of Expenses. Subject to Section 8(a) below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall be determined ultimately that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to the Indemnitee within twenty (20) days following delivery of a written request therefor by the Indemnitee to the Company. In the event that the Company fails to pay expenses as incurred by the Indemnitee as required by this paragraph, Indemnitee may seek mandatory injunctive relief from any court having jurisdiction to require the Company to pay expenses as set forth in this paragraph. If Indemnitee seeks mandatory injunctive relief pursuant to this paragraph, it shall not be a defense to enforcement of the Company's obligations set forth in this paragraph that Indemnitee has an adequate remedy at law for damages.

(g) Notice and Other Indemnification Procedures.

(i) Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

(ii) If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7(a) hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(iii) In the event the Company shall be obligated to pay the expenses of any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that (i) the Indemnitee shall have the right to employ his or her counsel in any such proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

(h) Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(i) Claims Initiated by Indemnitee. To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under Nevada Revised Statutes or (iv) the proceeding is brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 78.7502;

(ii) Lack of Good Faith. To indemnify the Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

(iii) Unauthorized Settlements. To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a proceeding unless the Company consents to such settlement, which consent shall not be unreasonably withheld.

(i) Non-exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to action in his or her official capacity and to action in another capacity while occupying his or her position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

(j) Enforcement. Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Indemnitee, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his or her claim. It shall be a defense to any action for which a claim for indemnification is made under this Agreement (other than an action brought to enforce a claim for expenses pursuant to Section 6 hereof, provided that the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Sections 4 and 8 hereof. Neither the failure of the Company (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board of Directors or its stockholders) that such indemnification is improper, shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

(k) Subrogation. In the event the Company is obligated to make a payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery under an insurance policy or any other indemnity agreement covering the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(l) Survival of Rights.

(i) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Indemnitee was serving in the capacity referred to herein.

(ii) The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(m) Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to the Indemnitee to the fullest extent permitted by law including those circumstances in which indemnification would otherwise be discretionary.

(n) Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 13 hereof.

(o) Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

(p) Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail, return receipt requested, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

(q) Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Nevada without regard to principles of conflicts of law.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

THE COMPANY:
HALOZYME THERAPEUTICS, INC.

By

Title

Address 11588 Sorrento Valley Road
Suite 17
San Diego CA, 92121

INDEMNITEE:

Address

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use in this Registration Statement on Form SB-2 of our report dated January 7, 2004, relating to the financial statements of DeliaTroph Pharmaceuticals, Inc., and to the reference to our Firm under the caption "Experts" in the Prospectus.

/s/ CACCIAMATTA ACCOUNTANCY CORPORATION

Irvine, California
July 23, 2004