MICROMET, INC.
Form 10-K/A
April 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K/A

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number: 0-50440

MICROMET, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	52-2243564 (I.R.S. Employer Identification No.)
6707 Democracy Boulevard, Suite 505 Bethesda, MD (Address of Principal Executive Offices)	20817 (Zip Code)

(240) 752-1420

(Registrant s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.00004 per share, including associated Series A Junior Participating Preferred Stock Purchase Rights	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.Yes o No x

Note checking the box above will not relieve any registrant required to file reports pursuant to Section 13 of 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes

o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of June 30, 2010, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $483.8 million, based on the closing price of the registrant s common stock on that date as reported by the NASDAQ Global Select Market.

The number of outstanding shares of the registrant s common stock, par value $0.00004 per share, as of March 2, 2011 was 91,196,531 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after registrant s fiscal year ended December 31, 2010 are incorporated by reference into Part III of this report.

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Explanatory Note

Micromet, Inc. (the Company) is filing this Amendment No. 1 to the Annual Report on Form 10-K (the Form 10-K/A) to amend its Annual Report on Form 10-K for the year ended December 31, 2010, which was filed with the Securities and Exchange Commission (SEC) on March 3, 2011 (the Original Filing and together with the Form 10-K/A, the Form 10-K) to include restated financial statements as described in Note 20 to the consolidated financial statements contained herein and to make other corresponding changes as described below. The Company is restating its previously issued consolidated financial statements as of and for the years ended December 31, 2010 and 2009 and for each of the quarterly periods within each of the years ended December 31, 2010 and 2009, to reflect the Company s determination that it did not properly account for foreign currency transactions related to foreign-denominated available-for-sale investments.

In the Original Filing, net loss was understated by $5.4 million for the year ended December 31, 2010 and overstated by $1.6 million for the year ended December 31, 2009. There is no cash impact from these errors. The errors increased accumulated other comprehensive income by $3.8 million as of December 31, 2010 and decreased accumulated other comprehensive income by $1.6 million as of December 31, 2009.

During the years ended December 31, 2010 and 2009, the restatement resulted in adjustments of ($5.4 million) and $1.6 million, respectively, related to foreign currency transaction gains (losses), to Other Income (Expense) within the Company s consolidated statements of operations.

This amendment also contains reclassifications in the Company s unaudited balance sheet at March 31, 2010 and 2009, as described in Note 19 to the consolidated financial statements contained herein, to reclassify a portion of the foreign-denominated investments to cash equivalents.

The revisions relate to non-operating expense, non-cash items as of and for the years ended December 31, 2010 and 2009 and for each of the quarterly periods within each of the years ended December 31, 2010 and 2009. The restatement does not change the Company s previously reported revenues, operating expenses, loss from operations, total assets, total liabilities, total stockholders equity, investments or cash and cash equivalents in its consolidated financial statements as of and for the years ended December 31, 2010 and 2009, as reflected in the Original Filing.

In the Original Filing, the Company reported under Item 9A Controls and Procedures, that its disclosure controls and procedures and its internal control over financial reporting were effective. Management, in consultation with the Audit Committee, has concluded that the errors described herein constituted a material weakness in the Company s internal control over financial reporting as of December 31, 2010 and that, as a result of such material weakness, the Company s disclosure controls and procedures were ineffective as of that date. The revised assessment, including a revised report Management Report on Internal Control Over Financial Reporting, is included under Part II, Item 9A of this Form 10-K/A.

The Company is including currently dated Sarbanes-Oxley Act Section 302 and Section 906 certifications of the Chief Executive Officer and Chief Financial Officer that are attached to this Form 10-K/A as Exhibits 31.1, 31.2 and 32.

All of the information in this Form 10-K/A is as of March 3, 2011, the date the Company filed the Original Filing with the SEC. This Form 10-K/A continues to speak as of the date of the Original Filing and does not reflect any subsequent information or events other than the matters described in this Explanatory Note. Forward-looking statements made in the Original Filing have not been revised to reflect events, results or developments that occurred or facts that became known to us after the date of the Original Filing, other than as specifically stated in this Form

10-K/A.

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No attempt has been made in this Form 10-K/A to modify or update the disclosures in the Original Filing except as required to reflect the effects of the matters described above. Changes have been made to the following items solely as a result of, and to reflect, the matters described above, and no other information in the Form 10-K/A is amended hereby as a result of the restatement:

Part II, Item 6. Selected Financial Data

Part II, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

Part II, Item 8. Financial Statements and Supplementary Data

Part II, Item 9A. Controls and Procedures

Part IV, Item 15. Exhibits, Financial Statement Schedules

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MICROMET, INC.

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2010 (Amendment No. 1)

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Item 6. Selected Consolidated Financial Data.

The selected financial data set forth below with respect to the Company s consolidated statements of operations for each of the years in the three-year period ended December 31, 2010 and with respect to the consolidated balance sheets as of December 31, 2010 and 2009 are derived from the audited consolidated financial statements included elsewhere in this Form 10-K/A. The statement of operations data for each of the years in the two-year period ended December 31, 2007 and the balance sheet data at December 31, 2008, 2007 and 2006 are derived from audited financial statements not included in this Form 10-K/A or the Original Filing.

In May 2006, CancerVax Corporation merged with Micromet AG. In connection with the merger, CancerVax was renamed Micromet, Inc. For accounting purposes, the business combination was considered a reverse merger under which Micromet AG was considered the acquirer of CancerVax. Accordingly, all financial information prior to the merger date reflects the historical financial results of Micromet AG alone. For 2006, the results of operations of the combined company reflect those of Micromet AG for the full year and, from May 5, 2006 on, the combined financial results of Micromet AG and CancerVax.

The following selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes contained in this Form 10-K/A.

	Years Ended December 31,				
	2010 restated	2009 restated	2008	2007	2006
	(In Thousands, Except per Share Amounts)				
Statement of Operations Data:					
Revenues:					
Collaboration agreements	$27,947	$19,584	$25,870	$17,366	$25,449
License fees and other	797	1,457	1,416	1,018	2,134
Total revenues	28,744	21,041	27,286	18,384	27,583
Operating expenses:					
Research and development	49,375	53,423	37,846	28,407	27,291
In-process research and development					20,890
General and administrative	21,432	17,010	15,506	15,214	12,973
Total operating expenses	70,807	70,433	53,352	43,621	61,154
Loss from operations	(42,063)	(49,392)	(26,066)	(25,237)	(33,571)
Other income (expense):					
Interest expense	(108)	(281)	(222)	(509)	(1,725)
Interest income	355	419	740	938	743
Change in fair value of common stock warrants liability	(3,614)	(7,950)	(8,064)	1,750	
Other income (expense), net	(4,689)	1,140	377	2,932	561
Net loss	$(50,119)	$(56,064)	$(33,235)	$(20,126)	$(33,992)
Basic and diluted net loss per common share	$(0.63)	$(0.96)	$(0.77)	$(0.55)	$(1.29)
Weighted average shares used to compute basic and diluted net loss per share	79,726	58,582	43,309	36,362	26,366

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	December 31, 2010 (restated)	2009 (restated)	2008	2007	2006
	(In Thousands)				
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$ 220,967	$ 117,603	$ 46,168	$ 27,066	$ 24,301
Working capital	179,847	67,728	27,992	15,735	11,578
Total assets	242,304	134,813	70,675	56,252	51,172
Deferred revenue, less current portion	20,538	13,281	7,555	8,366	195
Long-term debt, less current portion			2,157	2,254	7,408
Total stockholders equity	174,589	66,841	35,388	24,978	24,518

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains forward-looking statements, which involve risks, uncertainties, and assumptions. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I Item 1A of the Original Filing under the caption Risk Factors. See Cautionary Note Regarding Forward-Looking Statements included elsewhere in this Annual Report on Form 10-K/A. This Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K/A.

Restatement of Previously Issued Financial Statements

Financial data when presented throughout the MD&A includes the effect of the restatement, as described in Note 20 to our consolidated financial statements contained herein, of our results as of and for the years ended December 31, 2010 and 2009. The following tables summarize the effect of the restatement by major financial statement line item as of and for the years ended December 31, 2010 and 2009 (in thousands). During the years ended December 31, 2010 and 2009, the restatement resulted in adjustments to record ($5.4 million) and $1.6 million, respectively, of realized gains (losses) as Other Income (Expense) on the Company s consolidated statements of operations and make corresponding adjustments to the Accumulated Other Comprehensive Income account on the Company s consolidated balance sheets.

The revisions relate to non-operating and non-cash items as of and for the years ended December 31, 2010 and 2009. The restatement does not change the Company s previously reported revenues, loss from operations, total stockholders equity or cash and cash equivalents shown in its consolidated financial statements as of and for the years ended December 31, 2010 and 2009.

	December 31, 2010			December 31, 2009		
Consolidated Balance Sheets	As reported	Adjustmen	Restated	As reported	Adjustmen	Restated
Accumulated other comprehensive income	$4,819	$3,750	$8,569	$8,062	$(1,618)	$6,444
Accumulated deficit	(300,602)	(3,750)	(304,352)	(255,851)	1,618	(254,233)

	December 31, 2010			December 31, 2009		
Consolidated Statements of Operations	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Other income (expense), net	$679	$(5,368)	$(4,689)	$(478)	$1,618	$1,140
Net loss	(44,751)	(5,368)	(50,119)	(57,682)	1,618	(56,064)
Basic and diluted net loss per common share	(0.56)	(0.07)	(0.63)	(0.98)	0.02	(0.96)
Consolidated statements of cash flows						
Net loss	$(44,751)	$(5,368)	$(50,119)	$(57,682)	$1,618	$(56,064)
Realized gain on foreign currency transaction	(1,276)	5,223	3,947		(1,346)	(1,346)

Net cash used in operating activities	(33,208)	(133)	(33,341)	(8,858)	226	(8,632)
Purchase of investments	(178,890)	4,167	(174,723)	(27,975)	1,870	(26,105)
Proceeds from redemption/ sale of investments	56,458	(4,038)	52,420	26,042	(2,096)	23,946
Net cash used in investing activities	(126,224)	129	(126,095)	(3,108)	(226)	(3,334)

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Ongoing Business Activities

We are a biopharmaceutical company focused on the discovery, development and commercialization of innovative antibody-based therapies for the treatment of cancer. Our product development pipeline includes novel antibodies generated with our proprietary BiTE® antibody platform, as well as conventional monoclonal antibodies. BiTE antibodies represent a new class of antibodies that activate the T cells of a patient s immune system to eliminate cancer cells. T cells are considered the most powerful killer cells of the human immune system. Seven of our antibodies are currently in clinical trials, while the remainder of our product pipeline is in preclinical development.

Our lead product candidate is the BiTE antibody blinatumomab, also known as MT103. Blinatumomab targets the human protein molecule CD19, which is expressed on the surface of tumor cells of certain cancers. In a phase 2 clinical trial evaluating blinatumomab as a treatment for patients with acute lymphoblastic leukemia, or ALL, 16 of 20 patients experienced elimination of cancerous cells in their bone marrow, which was the primary endpoint of the trial. We have initiated a pivotal, multi-center, single-arm study referred to as BLAST (**Bl**inatumomab **A**dult ALL MRD **S**tudy of **T** cell engagement) which, if successful, has the potential to support the filing of a marketing approval application in Europe. We have also initiated a phase 2 trial in adult patients with relapsed or refractory B-precursor ALL and are evaluating blinatumomab in an ongoing phase 1 clinical trial for the treatment of patients with non-Hodgkin s lymphoma, or NHL.

We are evaluating a second BiTE antibody, MT110, in a phase 1 clinical trial for the treatment of patients with advanced solid tumors. MT110 targets the epithelial cell adhesion molecule, or EpCAM, which is overexpressed in many solid tumors. Our collaboration partner MedImmune, LLC has initiated a phase 1 clinical trial of MT111, a BiTE antibody targeting carcinoembryonic antigen, or CEA, in patients with advanced solid tumors. Additional BiTE antibodies are at different stages of lead candidate selection and preclinical development. In addition to the collaboration with MedImmune, we have also entered into collaboration agreements with Bayer Schering Pharma and sanofi-aventis for the development of BiTE antibodies targeting other solid tumor targets, and with Boehringer Ingelheim for the development of BiTE antibodies for the treatment of multiple myeloma.

Our conventional monoclonal antibody adecatumumab, also known as MT201, binds to EpCAM and is the subject of a collaboration with Merck Serono. In August 2010, we discontinued enrollment in a phase 2 trial of adecatumumab in patients with resected liver metastases from colorectal cancer, due to a change in the standard of care in this disease setting which resulted in slower recruitment than was planned. MT203, a human antibody neutralizing the activity of granulocyte/macrophage colony stimulating factor, or GM-CSF, which has potential applications in the treatment of various inflammatory and autoimmune diseases, such as rheumatoid arthritis, psoriasis, or multiple sclerosis, is under development in a phase 1 clinical trial being conducted by our collaboration partner Nycomed. Our monoclonal antibody MT293, also known as TRC093, is licensed to TRACON Pharmaceuticals, Inc. and has completed a phase 1 clinical trial for the treatment of patients with cancer. Finally, our conventional antibody MT228, licensed to Morphotek, Inc., is the subject of an ongoing phase 1 clinical trial in patients with advanced melanoma.

To date, we have incurred significant research and development expenses and have not achieved any revenues from sales of our product candidates. Each of our programs will require a number of years and significant costs to advance through development. Typically, it takes many years from the initial identification of a lead antibody target to the completion of preclinical and clinical trials, before applying for marketing approval from the U.S. Food and Drug Administration, or FDA, or the European Medicines Agency, or EMA, or equivalent regulatory agencies in other countries and regions. The risk that a program has to be terminated, in part or in full, for safety reasons or lack of adequate efficacy is very high. In particular, we cannot predict which, if any, product candidates can be successfully developed and for which marketing approval may be obtained, or the time and cost to complete development and

receive marketing approvals.

As we obtain results from preclinical studies or clinical trials, we may elect to discontinue the development of one or more product candidates for safety, efficacy or commercial reasons. We may also elect to discontinue or delay development of one or more product candidates in order to focus our resources on more promising product candidates. Our business strategy includes entering into collaborative agreements with

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third parties for the development and commercialization of certain of our product candidates. Depending on the structure of such collaborative agreements, a third party may be granted control over the clinical trial process, manufacturing process or other key development process, for one of our product candidates. In such a situation, the third party, rather than us, may in fact control development and commercialization decisions for the respective product candidate. Consistent with our business model, we may enter into additional collaboration agreements in the future. We cannot predict the terms of such agreements or their potential impact on our capital requirements. Our inability to complete our research and development projects in a timely manner, or our failure to enter into new collaborative agreements, when appropriate, could significantly increase our capital requirements and affect our liquidity.

Research and Development

Through December 31, 2010, our research and development expenses consisted of costs associated with the clinical development of blinatumomab, adecatumumab and MT110, as well as development costs incurred for MT111 and MT203, and research conducted with respect to our preclinical BiTE antibodies and the BiTE antibody platform generally. This includes costs associated with clinical trials and manufacturing processes, quality systems and analytical development, compensation and other personnel expenses, supplies and materials, consultant fees and related contract research, facility costs, license fees and depreciation. We charge all research and development expenses to operations as incurred.

We expect to incur substantial additional research and development expenses that may increase from historical levels as we further develop our product candidates into more advanced stages of clinical development and increase our preclinical development for certain of our conventional and BiTE antibodies.

Our strategic collaborations and license agreements generally provide for our research, development and commercialization programs to be partly or wholly funded by our collaborators and provide us with the opportunity to receive additional payments if specified development or commercialization milestones are achieved, as well as royalty payments upon the successful commercialization of any products based upon our collaborations. We also may retain co-promotion rights in certain of our agreements.

Through March 2009, we developed blinatumomab in collaboration with MedImmune under an agreement signed in 2003, which we refer to in this report as the 2003 Agreement. Under the 2003 Agreement, MedImmune reimbursed a portion of our clinical development costs in our European clinical trials. In November 2009, we entered into a termination agreement, which we refer to as the 2009 Agreement, under which we acquired MedImmune s remaining option right to commercialize blinatumomab in North America. The 2009 Agreement terminates the 2003 Agreement, under which MedImmune had been granted the right to develop and commercialize blinatumomab and other BiTE antibodies binding to antigens relevant for hematological cancers in North America. As a result of the 2009 Agreement, we now control the rights to develop and commercialize blinatumomab in all territories, as well as any other BiTE antibodies binding to antigens relevant for hematological cancers that had been licensed to MedImmune under the 2003 Agreement. Under the terms of the 2009 Agreement, MedImmune sold us the remaining stock of blinatumomab clinical trial material and transferred the manufacturing process for this product candidate to our contract manufacturers. In return, we made fixed payments totaling $10.7 million, the last of which was made in January 2011. MedImmune is eligible to receive additional payments of up to $19 million from us based upon the achievement of specified strategic and regulatory milestone events relating to blinatumomab in North America and a low single-digit royalty based on net sales of blinatumomab in North America.

A second agreement with MedImmune under which we are collaborating on the development of MT111 provides for us to receive potential future milestone payments and royalty payments based on future sales of MT111. The potential

milestone payments are subject to the successful completion of clinical development and obtaining marketing approval in one or more national markets. Under this agreement, we also retain exclusive rights to commercialize MT111 in Europe.

In May 2010, we entered into a collaboration and license agreement with Boehringer Ingelheim International GmbH, or BI, under which we will collaborate on the development and commercialization of a BiTE antibody for the treatment of multiple myeloma. Under the terms of the agreement, we are responsible for the generation of the BiTE antibody, and the parties will collaborate on pre-clinical development activities. Boehringer Ingelheim is responsible for the manufacturing and the worldwide clinical development of the

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product. We will co-promote the product in the United States, and BI will be responsible for the commercialization of the product outside the United States. BI will bear all costs of the development and commercialization of the product, except that we will bear the costs related to our own pre-clinical activities up to a specified amount and the cost of our own U.S. sales force. We received an upfront cash payment of €5 million (approximately $6.6 million using the exchange rate on the date of the agreement) and are eligible to receive up to €50 million (approximately $66 million using the exchange rate on the date of the agreement) upon the achievement of specified development and regulatory milestones. If a BiTE antibody that is the subject of the collaboration is approved for marketing, we will be eligible to receive tiered low double-digit royalties on net sales of the product outside the United States and sales participation payment based on a percentage of U.S. net sales ranging from the mid-twenties to the low thirties.

In October 2009, we entered into a collaboration and license agreement with sanofi-aventis under we are collaborating on the development of a new BiTE antibody targeting solid tumors. Under the terms of the agreement, we are responsible for generating and developing the BiTE antibody through the completion of phase 1 clinical trials, at which point sanofi-aventis will assume full control of the development and commercialization of the product candidate on a worldwide basis. We received an upfront payment of €8 million, or $11.9 million as of the date of the agreement, and are eligible to receive payments upon the achievement of development milestones of up to €162 million, or $241 million using the exchange rate as of the date of the agreement, and sales milestones of up to €150 million, or $223 million using the exchange rate as of the date of the agreement, and up to a low double-digit royalty on worldwide net sales of the product. In addition, sanofi-aventis will bear the cost of development activities and will reimburse us for our expenses incurred in connection with the development program. A portion of the upfront payment in the amount of €2.75 million, or $4.1 million as of the date of the agreement, is related to the payment of FTEs allocated by us to the performance of the development program.

In January 2009, we entered into an option, collaboration and license agreement with Bayer Schering Pharma AG under which we granted Bayer Schering Pharma an exclusive option to obtain a license to one of our preclinical BiTE antibodies against an undisclosed oncology target for an upfront fee of €4.5 million, or approximately $6.1 million using the exchange rate as of the date of the agreement. In December 2009, Bayer Schering Pharma exercised the option and paid us the exercise fee of €5.0 million, or approximately $6.7 million using the exchange rate as of the date of the agreement, in January 2010. We have now initiated a collaboration on the development of the BiTE antibody through the completion of phase 1 clinical trials, at which point Bayer Schering Pharma will assume full control of the further development and commercialization of the BiTE antibody. In addition to the payment of the initial option fee and the option exercise fee, we will be eligible to receive total development and sales milestone payments of €285 million, or approximately $384 million using the exchange rate as of the date of the agreement, and up to double-digit royalties based on tiered net sales of the product to be developed under the agreement. In addition, Bayer Schering Pharma will reimburse us for our research and development expenses incurred in connection with the development program. To date, we have recognized approximately $19.3 million under this agreement as reimbursement of our R&D expenses, as well as $4.7 million in milestone payments.

Under our collaboration agreement with Merck Serono, we have received $22.0 million in upfront and milestone payments from Merck Serono to date, not including payments for costs and expenses incurred in connection with the development of adecatumumab. The agreement provides for potential future clinical development milestone payments of up to an additional $126.0 million. We have all decision-making authority and operational responsibility for the clinical trials of adecatumumab that we conduct. Merck Serono will bear the development expenses associated with the collaboration in accordance with the agreed-upon budget and a specified maximum. This maximum amount has been reached and Micromet is now responsible for further expenses associated with the wind-down of the phase 2 clinical trial of adecatumumab in patients with resected liver metastases from colorectal cancer. We expect no further reimbursement revenues pending our and Merck Serono s determination of the next steps for the development of this product candidate.

We intend to pursue additional collaborations to provide resources for further development of our product candidates and may grant technology access licenses. However, we cannot forecast with any degree of certainty whether we will be able to enter into collaborative agreements, and if we do, on what terms we might do so.

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We are unable to estimate with any certainty the costs we will incur in the continued development of our product candidates. However, we expect our research and development costs associated with these product candidates to increase as we continue to develop new indications and advance these product candidates through preclinical and clinical trials.

Clinical development timelines, the likelihood of success and total costs vary widely. 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 ongoing basis in response to the scientific and clinical success of each product candidate as well as relevant commercial factors.

The costs and timing for developing and obtaining regulatory approvals of our product candidates vary significantly for each product candidate and are difficult to estimate. The expenditure of substantial resources will be required for the lengthy process of clinical development and obtaining regulatory approvals as well as to comply with applicable regulations. 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, could have a material adverse effect on our results of operations.

Critical Accounting Policies and the Use of Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States. Such statements require management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates. While our significant accounting policies are more fully described in Note 3 to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K/A, we believe the critical accounting policies used in the preparation of our financial statements which require significant estimates and judgments are as follows:

Revenue Recognition

Our revenues generally consist of licensing fees, milestone payments, royalties and fees for research services earned from license agreements or from research and development collaboration agreements. We recognize revenue in accordance with the SEC s Staff Accounting Bulletin, or SAB, No. 104, *Revenue Recognition*, upon the satisfaction of the following four criteria: persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectibility is reasonably assured.

We recognize revenues under collaborative research agreements as we perform the services specified in the related agreement, or as we incur expenses that are passed through to the collaborator. Milestone payments are received upon the achievement of goals predetermined under the collaboration agreements. For milestones that are deemed substantive, we recognize the contingent revenue once the milestone has been reached and any required customer acceptance has been obtained. Milestones are considered substantive if all the following criteria are met: 1) the milestone payment is non-refundable and relates solely to past performance; 2) achievement of the milestone was not reasonably assured at the inception of the arrangement; 3) substantive effort is involved to achieve the milestone; and 4) the amount of the milestone payment appears reasonable in relation to the effort expended, other milestones in the arrangement and the related risk of achieving the milestone. Fees for research and development services performed under an agreement are generally stated at a yearly fixed fee per research scientist, and are recognized as revenues as the services are provided. We record any amounts received in advance of services performed as deferred revenue and recognize them as revenues if and when earned. Under certain license agreements, we may receive initial license fees and annual renewal fees which are recognized as revenue when the SAB No. 104 criteria have been satisfied unless we have further obligations associated with the license granted. We recognize revenue from payments received at the

time of entering into an agreement on a straight-line basis over the term of our obligations under the agreement.

We are entitled to receive royalty payments on the sale of products under license and collaboration agreements. Royalties are based upon the volume of products sold and are recognized as revenue upon notification of sales from the customer. Through December 31, 2010, we have not received or recognized any royalty payments.

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For arrangements that include multiple deliverables, we identify separate units of accounting based on the consensus reached on FASB Accounting Standards Codification (ASC) Topic 605-25, *Revenue Arrangements with Multiple Deliverables.* ASC Topic 605-25 provides that revenue arrangements with multiple deliverables should be divided into separate units of accounting if certain criteria are met. The consideration for the arrangement is allocated to the separate units of accounting based on their relative fair values. Applicable revenue recognition criteria are considered separately for each unit of accounting. We recognize revenue on development and collaboration agreements, including upfront payments, where they are considered combined units of accounting, over the expected life of the development period and collaboration agreement on a straight-line basis.

Goodwill

We review goodwill for impairment at least annually and whenever events or changes in circumstances indicate a reduction in the fair value of the reporting unit to which the goodwill has been assigned. A reporting unit is an operating segment for which discrete financial information is available and segment management regularly reviews the operating results of that component. We have determined that we have only one reporting unit, the development of biopharmaceutical products. Conditions that would necessitate a goodwill impairment assessment include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulatory authority, unanticipated competition, a loss of key personnel, or the presence of other indicators that would indicate a reduction in the fair value of the reporting unit to which the goodwill has been assigned. ASC Topic 350, *Goodwill and Other Intangible Assets*, prescribes a two-step process for impairment testing of goodwill. The first step of the impairment test is used to identify potential impairment by comparing the fair value of the reporting unit to which the goodwill has been assigned to its carrying amount, including the goodwill. Since we have determined that we have only one reporting unit, we calculate fair value as our total market capitalization adjusted for a control premium. If the carrying value of the reporting unit exceeds the fair value, the second step of the impairment test is performed in order to measure the impairment loss. As a result of the merger between Micromet AG and CancerVax in 2006, we recorded $6.5 million of goodwill on our consolidated balance sheet. On October 1, 2010, we performed our annual goodwill impairment assessment in accordance with ASC Topic 350 and determined that the carrying amount of this goodwill was still recoverable. We cannot assure you that our future annual assessment of goodwill recoverability will not result in a material impairment charge.

Patents

Our patent portfolio consists primarily of internally developed patents covering our BiTE antibody platform and the composition of our BiTE antibody product candidates and conventional antibodies. The costs of generating our internally developed patent portfolio have been expensed as incurred.

We also acquired patents in 2001 covering single-chain antibody technology. These purchased patents are being amortized over their estimated useful lives through 2011 using the straight-line method. These patents are utilized in revenue-producing activities through license agreements. Evidence from recent licensing transactions indicated that our future licensing fees derived from these purchased patents will be lower than previously expected. We deemed these events in connection with lower expectations of future licensing fees to be an indication of potential impairment.

We periodically assessed whether the carrying value of the purchased patents was recoverable. We evaluated whether the carrying value of the patents would be recoverable by comparing their carrying value to the undiscounted cash flows generated from these patents. The carrying value was in excess of the undiscounted cash flows; therefore, we estimated the fair value of the patents to determine the amount of impairment. We estimated the fair value of the patents using the income approach (discounted cash flows). Based on the fair value, we recognized non-cash patent

impairment charges of approximately $0.2 million and $2.6 million during the years ended December 31, 2010 and 2009, respectively. The impairment charges were recorded within research and development expenses on the statement of operations. Key inputs utilized in the determination of this non-recurring fair value measurement related to our estimates of cash flows for the remaining patent life and the discount rate factor. The determination of the discount rate was based upon the risk-free rate, adjusted by a risk premium.

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Clinical Trial Expenses

Clinical trial expenses include expenses associated with clinical research organizations, or CROs. In some cases, we may not receive invoices from CROs until several months after the services were rendered. We accrue the cost of services based on our estimates of the management, monitoring, and project management costs. We maintain regular communication with our CROs to confirm the reasonableness of our estimates. Differences between actual clinical trial expenses and estimated clinical trial expenses recorded have not been material and adjustments are recorded in the period they become known.

Stock-Based Compensation

We estimate the fair value of share-based compensation awards on the grant date in accordance with ASC Topic 718, *Share-Based Payment*, using the Black-Scholes option-pricing model. Option valuation models require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. The risk-free rate of interest is based on the U.S. Treasury rates appropriate for the expected term of the award. Expected dividend yield is projected at 0%, as we have not paid any dividends on our common stock since our inception and we do not anticipate paying dividends on our common stock in the foreseeable future. Expected volatility is based on our historical volatility of our common stock. The expected term of options granted is derived from the average midpoint between vesting and the contractual term. ASC Topic 718 also requires that forfeitures be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The pre-vesting forfeiture rate for the year ended December 31, 2010 was based on historical forfeiture experience for similar levels of employees to whom the options were granted.

Performance-based stock options vest upon the attainment of specific performance targets. The measurement date of stock options containing performance-based vesting is the date the stock option grant is authorized and the specific performance goals are communicated. Compensation expense is recognized based on the probability that the performance criteria will be met. The recognition of compensation expense associated with performance-based vesting requires judgment in assessing the probability of meeting the performance goals, as well as defined criteria for assessing achievement of the performance-related goals. The continued assessment of probability may result in additional expense recognition or expense reversal depending on the level of achievement of the performance goals.

Common Stock Warrants Liability

In accordance with ASC Topic 815, *Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In, a Company s Own Stock*, we classify warrants as liabilities when the potential for a net cash settlement to the holders of the warrants exists, even if remote. ASC Topic 815 also requires that the warrants be revalued at the end of each reporting period as our warrants are considered to be derivative instruments. We adjust the instruments to their current fair value using the Black-Scholes option pricing model formula at each reporting period end, with any resulting change in value recorded in the statement of operations.

Results of Operations

Comparison of the Years Ended December 31, 2010, 2009 and 2008

Revenues. Collaborative research and development revenue consists of reimbursements for full-time equivalents and pass-through expenses we incur under each collaborative agreement as described in detail below. License and other revenue consists primarily of revenues from licenses of patents relating to single-chain antibody technology, for which we serve as the exclusive marketing partner under a marketing agreement with Enzon Pharmaceuticals, Inc.

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The following table summarizes our revenue for the periods presented (in millions):

	Years Ended December 31,		
	2010	2009	2008
Research and development revenue by collaborator:			
Bayer Schering	$ 13.0	$ 6.3	$
Nycomed	5.4	7.6	15.5
Sanofi-aventis	5.1	0.4	
Merck Serono	2.7	2.9	3.0
MedImmune	1.3	2.2	6.9
Boehringer Ingelheim	0.3		
TRACON	0.1	0.2	0.3
Other			0.2
Total collaborative research and development revenue	27.9	19.6	25.9
License and other revenue	0.8	1.4	1.4
Total revenues	$ 28.7	$ 21.0	$ 27.3

Bayer Schering Pharma. We granted an option to Bayer Schering Pharma in January 2009 regarding the development of a new BiTE antibody for an option fee of approximately $6.3 million. This option fee was fully recognized during 2009 and represented the full amount of revenue under this collaboration in 2009. Bayer Schering Pharma exercised the option in December 2009 for which we received an exercise fee of approximately $6.7 million in January 2010. This fee, which resulted in $1.5 million of revenue during 2010, is being recognized on a straight-line basis over 54 months, the period during which we expect to participate on the joint steering committee under our collaboration agreement with Bayer Schering Pharma. In addition, we recognized $6.8 million in revenue during 2010 as payment of our research and development expenses and $4.7 million in development milestones. While the amortization of the license fee into revenue will remain constant on an annual basis, we expect an overall decrease in revenues under this agreement for 2011 as compared to 2010 as we do not expect to achieve any development milestones in 2011 for which we would receive payments.

Nycomed. Collaborative research and development revenue from Nycomed reflects Nycomed s full cost responsibility for the MT203 product development program. The Nycomed revenue represents the reimbursement of our preclinical development activities, including payments for full-time equivalents, as well as $0.3 million in revenue representing the annual amortized portion of the $6.7 million upfront payment that we received from Nycomed in 2007. This upfront payment is being recognized on a straight-line basis over a 20-year period ending in 2027. The decrease in overall Nycomed revenue of $2.2 million for the year ended December 31, 2010, as compared to the same period in 2009, was primarily due to a $2.0 million milestone payment received during 2009; no milestones were received in 2010. The decrease in overall Nycomed revenue of $7.9 million for the year ended December 31, 2009, as compared to the same period in 2008, was due primarily to our lower level of activity during 2009, as Nycomed assumed primary responsibility for the development of MT203 and initiated a phase 1 clinical trial of this product candidate during 2009. This decrease was partially offset by the $2.0 million milestone payment received during 2009. We expect our Nycomed revenue to decline further in 2011 as Nycomed continues to perform later-stage development work.

Sanofi-aventis. We entered into a collaboration and license agreement with sanofi-aventis in the fourth quarter of 2009. Upon execution of the agreement, we received an upfront license fee of approximately $7.8 million and upfront research and development expenses of $4.1 million. The upfront license fee is being recognized into revenue on a straight-line basis over 74 months, the period during which we expect to participate on the joint steering committee under the collaboration agreement. The upfront research and development payment is being recognized as revenues as

the services are performed. We also receive payment for our research and development expenses under the program. The increase in revenues of $4.7 million over 2009 reflects that the collaboration was only in place for the last two months of 2009. During 2010, we recorded $4.0 million in development revenues under this collaboration and $1.1 million representing the

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annual amortized portion of the upfront payment. While the amortized portion of the upfront payment will remain the same, we expect our overall revenues under this agreement to increase in 2011 as we continue development.

Merck Serono. Collaborative research and development revenues from Merck Serono reflect Merck Serono s responsibility for the costs for the development of the adecatumumab program. Revenues during 2010 were consistent with those recognized during 2009 and 2008. During 2010, the development expenses reimbursable by Merck Serono for the current stage of development reached a pre-negotiated maximum. Accordingly, we do not expect to receive any further reimbursement of expenses under this program.

MedImmune. Collaborative research and development revenue from MedImmune represents payments for our costs incurred in the development of blinatumomab and MT111. MedImmune ended its participation in the development of blinatumomab in March 2009, and we terminated our collaboration with MedImmune for the development of blinatumomab in the fourth quarter of 2009. The decrease in revenue of $0.9 million for the year ended December 31, 2010 as compared to 2009 is due to the lower activity by us under this agreement; the decrease was partially offset by a $1.0 million milestone payment received in 2010. The decrease of $4.7 million for the year ended December 31, 2009, as compared to 2008, is primarily due to the termination of the blinatumomab collaboration, which accounted for $3.7 million of the decrease. The remainder of the decrease between 2008 and 2009 was due to lower levels of activity under the MT111 agreement. We expect 2011 collaborative revenue from MedImmune for MT111 to decrease compared to 2010 due to our limited development obligations while MedImmune conducts the ongoing phase 1 clinical trial with MT111.

Boehringer Ingelheim. Research and development revenues from Boehringer Ingelheim represent payment for our development costs and a portion of the upfront payment of €5 million, or $6.6 million using the exchange rate as of the payment date, that is being recognized over a 20-year period ending in 2030. We expect revenues to increase in 2011 under this agreement as the collaboration progresses.

TRACON. Collaborative research and development revenue from TRACON reflects TRACON s full responsibility for the costs of the MT293 product development program. Revenue under this agreement consists of expense payments for development services and revenue from an upfront payment of $1.5 million received from TRACON in 2007 that is being recognized on a straight-line basis over a 15-year period ending in 2022. As TRACON is responsible for the development of the product candidate, including its own costs, we will not receive any material revenue from this agreement until such time, if any, that development milestones are achieved.

Research and Development Expenses. Research and development expense consists of costs incurred to discover and develop product candidates. These expenses consist primarily of salaries and related expenses for personnel, outside service costs including production of clinical material, fees for services in the context of clinical trials, medicinal chemistry, consulting and sponsored research collaborations, and occupancy and depreciation charges. We incur process development expenses mainly for production of GMP-grade clinical trial material, as well as fermentation, purification and formulation development. Preclinical development expenses cover pharmacological *in vitro* and *in vivo* experiments as well as development of analytical testing procedures. Except for payments made in advance of services rendered, we expense research and development costs as incurred.

Research and development expense was $49.4 million, $53.4 million and $37.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The decrease of $4.0 million for the year ended December 31, 2010 as compared to 2009 results from some large non-recurring expenses recorded in 2009, including a $10.7 million expense related to the termination of our blinatumomab collaboration with MedImmune, a $4.0 million expense for the settlement of our arbitration with Curis,

Inc. and a $2.6 million patent impairment charge. We also recorded lower adecatumumab-related development expenses during 2010, $1.4 million less than in 2009. Overall, the decreased expenses for 2010 were partially offset by increases in blinatumomab-related expenses of $8.4 million, primarily for manufacturing and clinical activities, expense increases of $1.9 million for our MT110 program and $1.5 million for our MT203 program, also primarily for manufacturing, increases to

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salary-related expenses of $1.1 million, an increase to our MTR112 program of $0.7 million, and an increase in stock-based compensation expense of $1.4 million.

The increase of $15.6 million for the year ended December 31, 2009 over 2008 was partially the result of $10.7 million in expenses incurred in connection with the termination of our blinatumomab collaboration, consisting of our $6.5 million initial payment to MedImmune, our purchase of the clinical trial inventory of blinatumomab for $2.8 million, a cost of $0.9 million to transfer the blinatumomab manufacturing process to our contract manufacturer and regulatory related expenses of $0.5 million. For 2009, we also accrued $4.0 million of expense for the settlement of our arbitration with Curis, Inc., which occurred in February 2010, as well as a patent impairment charge of $2.6 million relating to the single-chain antibody patents purchased from Curis in 2001. We also incurred a $1.6 million increase in stock-based compensation for 2009 over 2008, which was primarily the result of accelerated vesting of stock options from the separation of our chief medical officer, as well as the vesting of performance-based stock options during 2009. Partially offsetting these 2009 increases over 2008 was a reduction in MT203 expenses of $5.5 million during 2009 due to the shift in program responsibilities to Nycomed for the later-stage development work, which also had the effect of reducing collaborative revenue from this program during 2009.

Since 2007, we have tracked our external research and development expenses by major project candidate development program, such as for blinatumomab, MT203, adecatumumab and MT110, or we allocate the expenses to our BiTE antibody platform generally. We do not allocate salary and overhead costs or stock-based compensation expense to specific research and development projects or product candidates. Our research and development expenses for the years ended December 31, 2010, 2009, 2008 and cumulatively since 2007 are summarized in the table below (in thousands):

	Years Ended December 31,			
	2010	2009	2008	Cumulative
Blinatumomab	$ 11,991	$ 14,291	$ 2,817	$ 31,160
MT203	3,639	2,191	8,931	16,801
Adecatumumab	840	2,275	1,484	6,564
MT110	3,511	1,573	1,576	8,267
BiTE antibody platform and other	2,943	3,058	2,476	9,998
Unallocated salary and overhead	22,043	27,052	19,169	85,778
Share-based compensation	4,408	2,983	1,393	10,346
Total	$ 49,375	$ 53,423	$ 37,846	$ 168,914

We expect significant increases in research and development expenses going forward as we initiate and continue later-stage trials of blinatumomab.

General and Administrative Expenses. General and administrative expense consists primarily of salaries and related costs for personnel in executive, finance, accounting, legal, information technology, corporate communications and human resource functions. Other costs include allocated facility costs not otherwise included in research and development expense, insurance, and professional fees for legal and audit services.

General and administrative expense was $21.4 million, $17.0 million and $15.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The increase of $4.4 million for the year ended December 31, 2010 over 2009 resulted from an increase in salaries and benefits of $1.3 million for increased headcount as we expanded key functions, an increase in incentive compensation costs of $0.6 million, stock-based compensation expense increases of $0.9 million, a charge of $0.4 million to adjust

our lease exit accrual and an increase of $0.8 million in commercial expenses.

The increase of $1.5 million for the year ended December 31, 2009 over 2008 resulted from increased stock-based compensation charges of $0.8 million for vesting of performance-based stock option grants, overall increases of $0.2 million in salaries, $0.2 million for investor relations expenses and $0.2 million for professional fees.

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Interest Income and Expense. Interest income decreased from $0.7 million in 2008 to $0.4 million in 2009 and remained at $0.4 million in 2010. The decrease for the year ended December 31, 2009 as compared to 2008 was the result of lower average interest rates on invested cash balances. Interest expense was $0.1 million, $0.3 million and $0.2 million for the years ended December 31, 2010, 2009 and 2008, respectively, and primarily represents interest on capital leases.

Change in Fair Value of Common Stock Warrants Liability. We have issued warrants to purchase our common stock that require us, or any successor entity, to purchase each unexercised warrant for a cash amount equal to its fair value (computed using the Black-Scholes option-pricing model with prescribed guidelines) in any of the following circumstances: we are merged or consolidated with or into another company, we sell all or substantially all of our assets in one or a series of related transactions, any tender offer or exchange offer is completed pursuant to which holders of our common stock are permitted to tender or exchange their shares for other securities, cash or property, or we effect any reclassification of our common stock or any compulsory share exchange pursuant to which the common stock is effectively converted into or exchanged for other securities, cash or property. As a consequence of these provisions, the warrants are classified as a liability on our balance sheet, and changes in our stock price cause the fair value of the warrants to change each reporting period, with these changes being reflected in the statement of operations. Increases in our stock price cause the warrant liability to increase, and this increase is charged to expense, while decreases in our stock price cause the liability to decrease, which is recorded as a reduction to other income.

Our stock price increased from $2.06 on December 31, 2007 to $4.36 on December 31, 2008, to $6.66 on December 31, 2009, and to $8.12 on December 31, 2010. These increases resulted in incremental expenses of $3.6 million, $8.0 million and $8.1 million for the years ending December 31, 2010, 2009 and 2008, respectively.

Other Income (Expense), Net. Other income (expense), net includes foreign currency transaction gains and losses and miscellaneous other items. The decrease in income of $5.8 million for the period ending December 31, 2010 as compared to 2009 and the increase in other income of $0.8 million during 2009 as compared to 2008 resulted in each case from foreign currency exchange rate fluctuations, relating to maturities of our foreign-denominated available-for-sale securities as well as changes in foreign currency exchange rates for foreign-denominated cash equivalents held in the U.S. entity.

Liquidity and Capital Resources

Summary of Cash Flows

We had cash and cash equivalents and available-for-sale investments of $222.7 million and $117.6 million as of December 31, 2010 and 2009, respectively. We closed two public offerings of our common stock during 2010 that yielded net proceeds of $75.4 million in the first quarter and $70.5 million during the fourth quarter.

Net cash used in operating activities was $33.2 million for 2010, $8.6 million for 2009, and $15.7 million for 2008. In each case the majority of the cash used was to fund our ongoing research and development efforts, resulting in net losses of $50.1 million, $56.1 million and $33.2 million, respectively, during these years. Our net losses for these years were adjusted by $18.8 million, $18.5 million and $15.5 million, respectively, of net non-cash expenses, including the changes in fair value of warrant liability and realized gains (losses) on foreign currency transactions described above. Working capital changes resulted in net cash outflows of $2.0 million during the year ended December 31, 2010 and net cash inflows of $29.0 million and $2.0 million during the years ended December 31, 2009 and 2008, respectively. As described elsewhere in this report, we received upfront cash payments of $6.7 million from Bayer Schering Pharma and $6.6 million from Boehringer Ingelheim during 2010. We also received milestone

payments totaling $4.7 million from Bayer Schering Pharma and a $1.0 million milestone payment from MedImmune during 2010. This compares with upfront cash payments of $11.9 million received from sanofi-aventis during 2009, and a $2.0 million milestone payment received from Nycomed during 2009. Each of these upfront payments is being recognized as revenue over an extended period.

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Other working capital changes in 2010 include net increase in accounts receivable of $0.5 million and net increases to accounts payable and accrued expenses of $5.6 million. For 2009, other significant working capital changes included a net decrease of $3.1 million in accounts receivable from collections and a net increase of $14.6 million in accounts payable and accrued expenses. At the end of 2009, we had accrued approximately $6.5 million to be paid to MedImmune in connection with the termination of our blinatumomab collaboration. We had also accrued $4.0 million in connection with our settlement with Curis, Inc., which was resolved and paid in February 2010. For 2008, significant working capital changes included net cash inflows from collections of accounts receivable of $1.3 million and net outflows from a decrease in prepaid expenses of $0.7 million.

Net cash used in investing activities of $126.1 million for 2010 was the result of the net purchase of investments of $122.3 million and equipment purchases of $3.5 million for laboratory equipment and computers. Net cash used in investing activities was $3.3 million in 2009 and $0.5 million in 2008.

Net cash provided by financing activities was $147.4 million for 2010 which resulted from two public offerings of common stock that raised a total of $145.9 million, and from option and warrant exercises for which we received $1.4 million and $0.3 million, respectively. Net cash provided by financing activities was $79.5 million for 2009 resulting from net proceeds from our public offering and the CEFF with Kingsbridge. During 2009, we also received $1.5 million from the exercise of stock options and used $2.2 million to repay in full our debt under a promissory note to MedImmune. During 2008, the net cash provided by financing activities of $36.0 million included a private placement of common stock and warrants that resulted in net proceeds of approximately $37.2 million and stock option and warrant exercises of $1.4 million, offset by payments of $2.5 million for the repayment of our silent partnership debt.

Sources and Uses of Cash

We have funded our recent operations through public offerings and private placements of common stock and associated warrants, equity draws under the CEFF with Kingsbridge, research-contribution revenues from our collaborations with pharmaceutical companies and licensing and milestone payments related to our product candidate partnering activities. We expect that operating losses and negative cash flows from operations will continue for at least the next several years. If appropriate, we may raise substantial funds through the sale of our common stock or debt securities or through establishing additional strategic collaboration agreements. We do not know whether additional financing will be available when needed, or whether it will be available on favorable terms, or at all. Based on our capital resources as of the date of this report, we believe that we have adequate resources to fund our operations into 2013, without considering any potential future milestone payments that we may receive under our current or any new collaborations we may enter into in the future, any future capital raising transactions or any additional draw downs from our CEFF with Kingsbridge, which is scheduled to expire in December 2011.

If we are unable to raise additional funds when needed, we may not be able to continue development of our product candidates or we could be required to delay, scale back or eliminate some or all of our development programs and other operations. If we were to raise additional funds through the issuance of common stock, it could result in substantial dilution to our existing stockholders. If we were to raise additional funds through additional debt financing, the terms of the debt may involve significant cash payment obligations, as well as covenants and financial ratios that could restrict our ability to operate our business. Having insufficient funds could require us to delay, scale back or eliminate some or all of our research or development programs or to relinquish some or all of our rights to our product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. If we raise funds through corporate collaborations or licensing arrangements, we may be required to relinquish, on terms that are not favorable to us, rights to some of our technologies or product candidates that we would otherwise seek to develop or commercialize ourselves. Failure to obtain adequate financing may also adversely affect our operating results or our

ability to operate as a going concern.

Our future capital uses and requirements depend on numerous forward-looking factors that involve risks and uncertainties. Actual results could vary as a result of a number of factors, including the factors discussed in Risk Factors in this report. In light of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amount and

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timing of our capital outlays and operating expenditures associated with our current and anticipated clinical trials. Our future funding requirements will depend on many factors, including:

the number, scope, rate of progress, results and costs of our preclinical studies, clinical trials and other research and development activities;
the terms and timing of any corporate collaborations that we may establish, and the success of these collaborations;
the cost, timing and outcomes of regulatory approvals;
the number and characteristics of product candidates that we pursue;
the cost and timing of establishing manufacturing, marketing and sales, and distribution capabilities;
the cost of establishing clinical and commercial supplies of our product candidates;
the cost of preparing, filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
the cost of preparing for, defending against and the ultimate resolution of litigation or other claims brought against us; and
the extent to which we acquire or invest in businesses, products or technologies, although we currently have no commitments or agreements relating to any of these types of transactions.

Committed Equity Financing Facility. On December 1, 2008, we entered into the CEFF with Kingsbridge pursuant to which Kingsbridge committed to purchase, subject to certain conditions, up to $75.0 million of our common stock through December 2011. The facility is subject to early termination in specified circumstances. In connection with this CEFF, we issued a warrant to Kingsbridge to purchase up to 135,000 shares of our common stock with an exercise price of $4.44 per share. The warrant is exercisable until June 2014. Under the CEFF, the maximum number of shares that we may sell to Kingsbridge is 10,104,919 shares, exclusive of the shares underlying the warrant issued to Kingsbridge. Subject to specified conditions and limitations, from time to time under the CEFF, we may require Kingsbridge to purchase shares of our common stock at a price that is between 86% and 94% of the volume weighted average price on each trading day during an eight-day pricing period, provided that if the average market price on any day during the pricing period is less than the greater of $2.00 or 85% of the closing price of the day preceding the first day of the pricing period, then that day would not be used in determining the number of shares that would be issued in the draw down and the aggregate amount of the draw down would be decreased by one-eighth.

The maximum dollar amount of shares that we may require Kingsbridge to purchase in any pricing period is equal to the greater of (a) a percentage of our market capitalization as determined at the time of the draw down, which percentage ranges from 1.0% to 1.5% depending upon our market capitalization at the time of the draw down, or (b) four times the average trading volume of our common stock for a specified period prior to the draw down notice, multiplied by the closing price of the common stock on the trading day prior to the draw down notice, in each case subject to specified conditions. If either of the foregoing calculations yields a draw down amount in excess of $10 million, then the individual draw down amount is limited to $10 million.

We filed a registration statement which became effective in December 2008 with respect to the resale of shares issuable under the CEFF and underlying the warrant issued to Kingsbridge, and the registration rights agreement requires us to maintain the effectiveness of the registration statement. If we fail to maintain the effectiveness of the registration statement, or if we suspend the use of the registration statement, then under certain circumstances we may be required to pay certain amounts to Kingsbridge, or issue to Kingsbridge additional shares of common stock in lieu of cash payment, in each case as liquidated damages. We are not obligated to sell any of the $75.0 million of common stock available under the CEFF and there are no minimum commitments or minimum use penalties. The CEFF does not contain any restrictions on our operating activities, automatic pricing resets or minimum market volume restrictions.

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During the second quarter of 2009 we made our only draw downs to date under the CEFF. We issued a total of 1,420,568 shares of common stock to Kingsbridge for aggregate gross proceeds of $5.3 million. The remaining amount available under the CEFF has decreased to the lesser of $69.7 million or 8,684,351 shares of common stock.

Public Offerings of Common Stock.

On November 10, 2010, we entered into a purchase agreement with Piper Jaffray & Co. pursuant to which we sold 9,900,000 shares of our common stock at a price per share of $7.15. Our gross proceeds from the sale were $70.8 million. We incurred investment banking fees, legal fees and other financing costs of approximately $0.3 million, resulting in net proceeds of $70.5 million.

On March 11, 2010, we entered into an underwriting agreement with Goldman, Sachs & Co., as representative of the several underwriters, pursuant to which we issued an aggregate of 11,500,000 shares of common stock, including the exercise of an over-allotment option for 1,500,000 shares, at a public offering price of $7.00 per share, for gross proceeds of $80.5 million. After underwriting discount and estimated expenses payable by us of approximately $5.1 million, net proceeds from the public offering were approximately $75.4 million.

On August 4, 2009, we completed an underwritten public offering of 16,100,000 shares of common stock at a public offering price of $5.00 per share for net proceeds of $74.9 million, after deducting the underwriters discount and offering expenses paid by us.

Contractual Obligations

We have contractual obligations related to our facility leases, research and development agreements and equipment financing agreements. The following table sets forth our significant contractual obligations as of December 31, 2010 (in thousands):

		Payment Due by Period			
Contractual Obligations	Total	Less Than 1 Year	1 3 Years	3 5 Years	More Than 5 Years
Operating leases	$25,944	$5,428	$8,107	$6,992	$5,417
Contractual payments under licensing and research and development agreements	654	54	108	108	384
Capital leases	637	316	273	48	
	$27,235	$5,798	$8,488	$7,148	$5,801

We are a party to technology transfer, licensing and research and development agreements with various universities, research organizations and other third parties under which we have received licenses to certain intellectual property, scientific know-how and technology. In consideration for the licenses received, we are required to pay license and research support fees, milestone payments upon the achievement of certain success-based objectives and, in some cases, royalties on future sales of commercialized products, if any. We may also be required to pay minimum annual royalties and the costs associated with the prosecution and maintenance of the patents covering the licensed technology. Due to the uncertainty as to when, how much or if these payments will be made, they are not included in the table above.

Recent Accounting Standards and Pronouncements

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605) Multiple- Deliverable Revenue Arrangements: a consensus of the FASB Emerging Issues Task Force*. ASU No. 2009-13, which amends existing revenue recognition accounting pronouncements and provides accounting principles and application guidance on the accounting for multiple element arrangements, including whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. This guidance eliminates the requirement to establish the fair value of undelivered products and services and instead provides for separate revenue recognition based upon management s estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. This guidance establishes a selling price hierarchy for determining the selling price of each element within a multiple-deliverable arrangement. Specifically, the selling price assigned to each deliverable is to be based on

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vendor-specific objective evidence (VSOE), if available; third-party evidence, if VSOE is unavailable; and estimated selling prices, if neither VSOE nor third-party evidence is available. In addition, ASU No. 2009-13 requires allocation using the relative selling price method. ASU No. 2009-13 will be effective prospectively for multiple-deliverable revenue arrangements entered into, or materially modified, in fiscal years beginning on or after June 15, 2010. We will adopt this new approach prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after January 1, 2011. We anticipate that this standard will impact our consolidated financial position and results of operations in the event we complete future multiple element transactions, or modify existing collaborative relationships, for those transactions for which we conclude that the individual elements meet the criteria for standalone value. We consider several factors when estimating the selling price of a license, including the rights received by the licensee, the stage of development and development timeline, the expected market size for the product candidate, the expected life if commercialized and consideration received for comparable deals. Had we adopted the new guidance effective January 1, 2010, giving consideration to accounting for all 2010 contractual arrangements using the new guidance, we estimate that we would have recognized approximately $6.0 million of additional license revenues during 2010.

In April 2010, the FASB issued ASU No. 2010-17, *Revenue Recognition Milestone Method, or* ASU 2010-17. ASU 2010-17 provides guidance in applying the milestone method of revenue recognition to research or development arrangements. Under this guidance, management may recognize revenue contingent upon the achievement of a milestone in its entirety in the period in which the milestone is achieved only if the milestone meets all the criteria within the guidance to be considered substantive. ASU 2010-17 is effective on a prospective basis for research and development milestones achieved in fiscal years beginning on or after June 15, 2010. We will implement ASU 2010-17 effective January 1, 2011 and do not expect adoption of this standard to have a material impact on our consolidated financial position or results of operations.

Cautionary Note Regarding Forward-Looking Statements

Any statements in this Form 10-K about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. Such forward-looking statements include statements regarding our available cash resources, our expectations regarding future revenue and expense levels, the efficacy, safety and intended utilization of our product candidates, the development of our clinical stage product candidates and our BiTE antibody technology, the future development of blinatumomab by us, the conduct, timing and results of ongoing and future clinical trials, plans regarding regulatory filings, our ability to draw down under the CEFF and the availability of financing, and our plans regarding partnering activities. You can identify these forward-looking statements by the use of words or phrases such as believe, may, could, will, possible, can, continue, ongoing, consider, anticipate, intend, seek, plan, project, expect, should, would, or these terms, or other comparable terminology, although not all forward-looking statements contain these words. Among the factors that could cause actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties inherent in our business including, without limitation, the progress, timing or success of our clinical trials; difficulties or delays in development, testing, obtaining regulatory approval for, producing and marketing our product candidates; regulatory developments in the United States or in foreign countries; the risks associated with our reliance on collaborations for the development and commercialization of our product candidates; unexpected adverse side effects or inadequate therapeutic efficacy of our product candidates that could delay or prevent product development or commercialization, or that could result in recalls or product liability claims; our ability to attract and retain key scientific, management or commercial personnel; the loss of key scientific, management or commercial personnel; the size and growth potential of the potential markets for our product candidates and our ability to serve those markets; the scope and validity of patent protection for our product candidates; competition from other pharmaceutical or biotechnology companies; our ability to establish and maintain

strategic collaborations or to otherwise obtain additional financing to support our operations on commercially reasonable terms; successful administration of our business and financial reporting capabilities; and other risks detailed in the Original Filing, including those in Item 1A, Risk Factors.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievement. We undertake no

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obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Item 8. Financial Statements and Supplementary Data

See the list of financial statements filed with this report under Item 15 below.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Form 10-K/A, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the Company has re-evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this report. Management, in consultation with the Audit Committee, has concluded that the restatement errors, described in Note 20 to the Consolidated Financial Statements, constituted a material weakness in the Company s internal control over financial reporting as of the date of the Original Filing. As a result of the material weakness, management has concluded that the Company s disclosure controls and procedures were not effective in providing reasonable assurance that the information required to be disclosed in this report has been recorded, processed, summarized and reported as of the end of the period covered by this report.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commissions rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The financial statements included in this Form 10-K/A were prepared with particular attention to the material weakness. Accordingly, management believes that the consolidated financial statements included in this Form 10-K/A fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented.

The Company continually reviews its disclosure controls and procedures and makes changes, as necessary, to ensure the quality of its financial reporting. As detailed below, the Company has implemented certain additional controls that it believes will remediate the issues that arose with respect to the material weakness.

Changes in Internal Control Over Financial Reporting

Management and the Board of Directors are committed to the remediation of the material weakness set forth above as well as the continued improvement of the Company s overall system of internal control over financial reporting. Subsequent to the period covered by this report, management has implemented measures to remediate the material weakness in internal control over financial reporting described above. Specifically, we have implemented procedures to enhance the review of foreign currency transactions related to foreign-denominated available-for-sale securities. As part of the Company s fiscal 2011 assessment of internal control over financial reporting, management will conduct sufficient testing and evaluation of the implemented controls to ascertain whether they are designed and operating

effectively. Management believes the implemented controls will remediate the material weakness related to the review of foreign currency transactions related to foreign-denominated available-for-sale securities.

Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and

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fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, including the possibility of human error and the circumvention or overriding of controls, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

A significant deficiency is a control deficiency, or combination of control deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company s financial reporting. A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company s annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 based on the criteria established in *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of the material weakness related to the accounting for foreign currency transactions, management has concluded that our internal control over financial reporting was not effective as of December 31, 2010.

Ernst & Young LLP has audited and reported on the effectiveness of our internal control over financial reporting as of December 31, 2010. The report of our independent registered public accounting firm is contained in this annual report on Form 10-K/A.

Signature	Title	Date
/s/ Christian Itin Christian Itin	Chief Executive Officer (Principal Executive Officer)	April 15, 2011
/s/ Barclay A. Phillips Barclay A. Phillips	Chief Financial Officer (Principal Financial Officer)	April 15, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited Micromet, Inc. s internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Micromet, Inc. s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management s Report on Internal Control Over Financial Reporting.* Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated March 3, 2011, we expressed an unqualified opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria. Management has subsequently determined that a deficiency in controls related to the accounting for foreign currency transactions existed as of the previous assessment date, and has further concluded that such deficiency represented a material weakness as of December 31, 2010. As a result, management has revised its assessment, as presented in the accompanying Management s Report on Internal Control over Financial Reporting; to conclude that the Company s internal control over financial reporting was not effective as of December 31, 2010. Accordingly, our present opinion on the effectiveness of the Company s internal control over financial reporting as of December 31, 2010, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company s annual or interim financial

statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management s assessment. Management has identified a material weakness in its internal controls related to the accounting for foreign currency transactions. This material weakness resulted in the restatement of the Company s consolidated financial statements as of and for the years ended December 31, 2010 and 2009. We have also audited, in accordance with the standards of the Public Accounting Oversight Board (United States), the consolidated balance sheets of Micromet, Inc. as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders equity and cash flows for each of the three years in the period ended December 31, 2010. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2010

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financial statements and this report does not affect our report dated March 3, 2011, except for the effects of the matters described in Note 20, as to which the date is April 15, 2011, on those financial statements (as restated).

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Micromet, Inc. has not maintained effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

/s/ Ernst & Young LLP

McLean, Virginia
March 3, 2011,
except for the effects of the material weakness described in the sixth paragraph above, as to which the date is April 15, 2011

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following exhibits are filed with this report or incorporated by reference:

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant, incorporated herein by reference to Exhibit 3.01 of Form 10-Q for the quarter ended September 30, 2003 (File No. 000-50440), filed December 11, 2003.
3.2	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Registrant, incorporated herein by reference to Exhibit 3.2 of Form 10-Q for the quarter ended March 31, 2006 (File No. 000-50440), filed May 10, 2006.
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock of the Registrant, incorporated herein by reference to Exhibit 3.3 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed November 8, 2004.
3.4	Amended and Restated Bylaws effective October 3, 2007, incorporated herein by reference to Exhibit 3.7 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed October 9, 2007.
4.1	Form of Specimen Common Stock Certificate, incorporated herein by reference to Exhibit 4.1 of Form 10-Q for the quarter ended March 31, 2009 (File No. 000-50440), filed May 11, 2009.
4.2	Rights Agreement, by and between the Registrant and American Stock Transfer & Trust Company, LLC, which includes the form of Certificate of Designations of the Series A Junior Participating Preferred Stock of the Registrant as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Shares as Exhibit C, dated as of November 3, 2004, incorporated herein by reference to Exhibit 4.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed November 8, 2004.
4.3	First Amendment to Rights Agreement, by and between the Registrant and American Stock Transfer & Trust Company, LLC, dated as of March 17, 2006, incorporated herein by reference to Exhibit 4.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed March 20, 2006.
4.4	Form of Warrant to Purchase Common Stock, dated May 5, 2006, incorporated herein by reference to Exhibit 4.8 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
4.5	Form of Warrants to purchase an aggregate of 555,556 shares of Common Stock, in favor of funds affiliated with NGN Capital, LLC, dated July 24, 2006, incorporated herein by reference to Exhibit 10.2 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed July 26, 2006.
4.6	Form of Common Stock Purchase Warrant, dated June 22, 2007, incorporated herein by reference to Exhibit 10.2 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed June 21, 2007.
4.7	Form of Alternate Common Stock Purchase Warrant, dated June 22, 2007, incorporated herein by reference to Exhibit 10.3 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed June 21, 2007.

4.8	Form of Warrant to Purchase Common Stock dated October 2, 2008, incorporated herein by reference to Exhibit 10.2 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed October 6, 2008.
4.9	Alternate Form of Warrant to Purchase Common Stock dated October 2, 2008, incorporated herein by reference to Exhibit 10.3 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed October 6, 2008.

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Exhibit Number	Description
4.10	Common Stock Purchase Agreement dated December 1, 2008 between the Registrant and Kingsbridge Capital Limited, incorporated herein by reference to Exhibit 10.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed December 2, 2008.
4.11	Registration Rights Agreement dated December 1, 2008 between the Registrant and Kingsbridge Capital Limited, incorporated herein by reference to Exhibit 10.2 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed December 2, 2008.
4.12	Warrant to purchase 285,000 shares of Common Stock, issued to Kingsbridge Capital Limited, dated August 30, 2006, incorporated herein by reference to Exhibit 10.3 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed August 31, 2006.
4.13	Warrant to Purchase Common Stock dated December 1, 2008 and issued to Kingsbridge Capital Limited, incorporated herein by reference to Exhibit 10.3 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed December 2, 2008.
10.1(#)	Executive Employment Agreement, by and between the Registrant and Christian Itin, dated June 2, 2006, incorporated herein by reference to Exhibit 10.13 of Form 10-Q for the quarter ended September 30, 2006 (File No. 000-50440), filed November 9, 2006.
10.2(#)	Executive Employment Agreement, by and between the Registrant and Barclay Phillips, effective as of August 30, 2008, incorporated herein by reference to Exhibit 10.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed September 2, 2008.
10.3(#)	Amendment No. 1 to Executive Employment Agreement, by and between the Registrant and Barclay Phillips, effective as of November 18, 2008, incorporated herein by reference to Exhibit 10.3 of Form 10-K for the year ended December 31, 2008 (File No. 000-50440), filed March 16, 2009.
10.4(#)	Amendment No. 2 to Executive Employment Agreement, by and between the Registrant and Barclay Phillips, effective as of December 23, 2008, incorporated herein by reference to Exhibit 10.4 of Form 10-K for the year ended December 31, 2008 (File No. 000-50440), filed March 16, 2009.
10.5(#)	Amended and Restated Executive Employment Agreement, by and between the Registrant and Matthias Alder, effective as of December 23, 2008, incorporated herein by reference to Exhibit 10.5 of Form 10-K for the year ended December 31, 2008 (File No. 000-50440), filed March 16, 2009.
10.6(#)	Amended and Restated Executive Employment Agreement, by and between the Registrant and Mark Reisenauer, effective as of December 23, 2008, incorporated herein by reference to Exhibit 10.6 of Form 10-K for the year ended December 31, 2008 (File No. 000-50440), filed March 16, 2009.
10.7(#)	Executive Employment Agreement, by and between the Registrant and Jan Fagerberg, effective as of September 17, 2009, incorporated herein by reference to Exhibit 10.7 of Form 10-K for the year ended December 31, 2009 (File No. 000-50440), filed March 5, 2010.
10.8(#)	Executive Employment Agreement, by and between the Registrant and Jens Hennecke, dated June 2, 2006, incorporated herein by reference to Exhibit 10.21 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.9(#)	Executive Employment Agreement, by and between the Registrant and Patrick Baeuerle, dated June 2, 2006, incorporated herein by reference to Exhibit 10.22 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.10(#)	2010 Management Incentive Compensation Plan, incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarter ended March 31, 2010 (File No. 000-50440), filed May 5,

	2010.
10.11(#)	Non-Employee Director Compensation Policy, incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2010 (File No. 000-50440), filed May 5, 2010.

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Exhibit Number	Description
10.12(#)	Third Amended and Restated 2000 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.6 of Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed September 16, 2003.
10.13(#)	Employee Stock Purchase Plan, incorporated herein by reference to Exhibit 4.1 to the Registrant s Registration Statement on Form S-8 (File No. 333-110085), filed October 30, 2003.
10.14(#)	Amended and Restated 2003 Equity Incentive Award Plan, incorporated herein by reference to Exhibit 99.1 to the Registrant s Registration Statement on Form S-8 (File No. 333-163839), filed December 18, 2009.
10.15(#)	2006 Equity Incentive Award Plan, incorporated herein by reference to Exhibit 10.30 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.16(#)	Form of Indemnification Agreement entered into by the Registrant with its directors and executive officers, incorporated herein by reference to Exhibit 10.9 of Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed September 16, 2003.
10.17	Amendment No. 1 to Common Stock Purchase Agreement by and between Kingsbridge Capital Limited and the Registrant, dated April 30, 2010, incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarter ended June 30, 2010 (File No. 000-50440), filed August 6, 2010.
10.18	Office Building Lease Agreement dated April 1, 2007 between Micromet, Inc. and Second Rock Spring Park Limited Partnership, incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarter ended June 30, 2007 (File No. 000-50440), filed August 9, 2007.
10.19(@)	Lease Agreement by and between Micromet AG and GEK Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Eins KG, dated December 10, 2002, as amended, incorporated herein by reference to Exhibit 10.1 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.20(&)	Sublease Agreement, dated June 15, 2007, by and between Micromet AG and Roche Diagnostics GmBH, incorporated herein by reference to Exhibit 10.3 of Form 10-Q for the quarter ended June 30, 2007 (File No. 000-50440), filed August 9, 2007.
10.21(@)	Lease Agreement by and between Micromet AG and KFV Immobilienverwaltungs GmbH, dated November 4, 2009, incorporated herein by reference to Exhibit 10.21 of Form 10-K for the year ended December 31, 2009 (File No. 000-50440), filed March 5, 2010.
10.22	Standard Industrial/Commercial Single-Tenant Lease-Net, by and between the Registrant and Blackmore Airport Centre, dated August 31, 2001, incorporated herein by reference to Exhibit 10.01 of Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed August 14, 2003.
10.23	Sublease Agreement, by and between the Registrant and Genoptix, Inc., dated as of April 26, 2006, incorporated herein by reference to Exhibit 10.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed May 1, 2006.
10.24	Amendment No. 1 to Sublease dated April 2, 2007 by and between Micromet, Inc. and Genoptix, Inc., incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarter ended March 31, 2007 (File No. 000-50440), filed May 10, 2007.
10.25	Lease, by and between Spieker Properties, L.P. and John Wayne Cancer Institute, made as of July 22, 1999, incorporated herein by reference to Exhibit 10.02 of Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed August 14, 2003.

10.26	Agreement of Lease Assignment, by and between the Registrant and John Wayne Cancer Institute, dated as of August 4, 2000, incorporated herein by reference to Exhibit 10.03 of Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed August 14, 2003.

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Exhibit Number	Description
10.27	First Amendment to Lease, by and between the Registrant (as successor in interest to John Wayne Cancer Institute) and EOP Marina Business Center, L.L.C. (as successor in interest to Spieker Properties, L.P.), entered into as of October 1, 2001, incorporated herein by reference to Exhibit 10.04 of Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed August 14, 2003.
10.28	Second Amendment to Lease, by and between the Registrant and EOP Marina Business Center, L.L.C., entered into as of September 4, 2002, incorporated herein by reference to Exhibit 10.05 of Registrant s Registration Statement on Form S-1 (File No. 333-107993), filed August 14, 2003.
10.29	Third Amendment to Lease, by and between the Registrant and CA Marina Business Center Limited Partnership, entered into as of November 14, 2003, incorporated herein by reference to Exhibit 10.2 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed December 29, 2004.
10.30	Fourth Amendment to Lease, by and between the Registrant and Marina Business Center, LLC, entered into as of January 18, 2005, incorporated herein by reference to Exhibit 10.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed January 20, 2005.
10.31	Fifth Amendment to Lease, by and among the Registrant, Marina Business Center, LLC, and American Bioscience, Inc., dated as of April 18, 2006, incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2006 (File No. 000-50440), filed May 10, 2006.
10.32	Assignment and Assumption of Lease, by and between the Registrant and American Bioscience, Inc., effective as of May 1, 2006, incorporated herein by reference to Exhibit 10.1 of Registrant s Current Report on Form 8-K (File No. 000-50440), filed April 20, 2006.
10.33(%)	Termination and License Agreement, by and between MedImmune, LLC and Micromet AG, dated as of November 4, 2009, incorporated herein by reference to Exhibit 10.33 of Form 10-K/A for the year ended December 31, 2009 (File No. 000-50440), filed July 20, 2010.
10.34(%)	Development and Supply Agreement, by and between Lonza Sales AG and Micromet AG, dated as of November 23, 2009, incorporated herein by reference to Exhibit 10.34 of Form 10-K/A for the year ended December 31, 2009 (File No. 000-50440), filed July 20, 2010.
10.35(%)	BiTE Research Collaboration Agreement, by and between Micromet AG and MedImmune, Inc., dated June 6, 2003, incorporated herein by reference to Exhibit 10.41 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.36(%)	Option, Collaboration and License Agreement, by and between Micromet AG and Bayer Schering Pharma AG, dated January 12, 2009, incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarter ended March 31, 2009 (File No. 000-50440), filed May 11, 2009.
10.37(%)	Amendment No. 1 to Option, Collaboration and License Agreement, by and between Micromet AG and Bayer Schering Pharma AG, dated as of November 25, 2009, incorporated herein by reference to Exhibit 10.37 of Form 10-K/A for the year ended December 31, 2009 (File No. 000-50440), filed July 20, 2010.
10.38(%)	Collaboration and License Agreement, by and between Micromet AG and sanofi-aventis, dated October 28, 2009, incorporated herein by reference to Exhibit 10.38 of Form 10-K/A for the year ended December 31, 2009 (File No. 000-50440), filed July 20, 2010.
10.39(%)	Collaboration and License Agreement, dated May 24, 2007, by and between Micromet AG and Altana Pharma AG, a wholly-owned subsidiary of Nycomed A/S, incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2007 (File No.

000-50440), filed August 9, 2007.

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Exhibit Number	Description
10.40(%)	Collaboration and License Agreement, by and between Micromet AG and Ares Trading S.A., dated as of December 3, 2004, as amended on November 30, 2006, incorporated herein by reference to Exhibit 10.34 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.41(%)	Second Amendment to Collaboration and License Agreement dated October 19, 2007 by and between Micromet AG and Merck Serono International SA, incorporated herein by reference to Exhibit 10.41 of Form 10-K for the year ended December 31, 2007 (File No. 000-50440), filed March 14, 2008.
10.42(%)	Research and License Agreement, by and between Micromet AG and Biovation Limited, dated August 14, 2001, as amended on September 26, 2002 and June 16, 2004, incorporated herein by reference to Exhibit 10.35 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.43(%)	Non-Exclusive Product License Agreement for MT201, by and between Micromet AG and Cambridge Antibody Technology Limited, dated September 3, 2003, as amended on March 17, 2005, incorporated herein by reference to Exhibit 10.37 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.44(%)	Non-Exclusive Product License Agreement for MT203, by and between Micromet AG and Cambridge Antibody Technology Limited, dated November 3, 2003, as amended on March 17, 2005, incorporated herein by reference to Exhibit 10.38 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.45(%)	Amended and Restated Cross-License Agreement, by and between Micromet AG and Enzon Pharmaceuticals, Inc., dated June 28, 2004, as amended on March 17, 2005, incorporated herein by reference to Exhibit 10.39 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.46(%)	GM-CSF License Agreement, by and between Micromet AG and Enzon Pharmaceuticals, Inc., dated November 21, 2005, incorporated herein by reference to Exhibit 10.40 of Form 10-K for the year ended December 31, 2006 (File No. 000-50440), filed March 16, 2007.
10.47(%)	Collaboration and License Agreement, dated as of May 5, 2010, by and between Micromet AG and Boehringer Ingelheim International GmbH, incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2010 (File No. 000-50440), filed August 6, 2010.
10.48	Office Lease Agreement between PS Business Parks, L.P. and Registrant, dated as of December 23, 2010, incorporated by reference to Exhibit 10.48 of Form 10-K for the year ended December 31, 2010 (File No. 000-50440), filed March 3, 2011.
11.1	Computation of Per Share Earnings (included in the notes to the audited financial statements contained in this report)
21.1	List of Subsidiaries, incorporated by reference to Exhibit 21.1 of Form 10-K for the year ended December 31, 2010 (File No. 000-50440), filed March 3, 2011.
23.1	Consent of Ernst & Young LLP
24.1	Powers of Attorney (incorporated by reference to signature page of the Original Filing)
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
32(*)	

Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

&	Indicates that the exhibit is an English translation of a foreign language document.
@	Indicates that the exhibit is an English summary of a foreign language document.

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# Indicates management contract or compensatory plan.

% The Registrant has been granted confidential treatment with respect to certain portions of this exhibit (indicated by asterisks), which have been filed separately with the Securities and Exchange Commission.

* These certifications are being furnished solely to accompany this annual report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MICROMET, INC.
By:

/s/ Christian Itin
Christian Itin
President and Chief Executive Officer
(Principal Executive Officer)
By:

/s/ Barclay A. Phillips
Barclay A. Phillips
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Dated: April 15, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Christian Itin Christian Itin	President, Chief Executive Officer and Director (Principal Executive Officer)	April 15, 2011
/s/ Barclay A. Phillips Barclay A. Phillips	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	April 15, 2011
/s/ David F. Hale David F. Hale	Chairman of the Board of Directors	April 15, 2011
/s/ John E. Berriman John E. Berriman	Director	April 15, 2011
/s/ Michael G. Carter Michael G. Carter	Director	April 15, 2011
/s/ Peter Johann Peter Johann	Director	April 15, 2011
/s/ Joseph P. Slattery Joseph P. Slattery	Director	April 15, 2011
/s/ Kapil Dhingra Kapil Dhingra	Director	April 15, 2011

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MICROMET, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Micromet, Inc.

We have audited the accompanying consolidated balance sheets of Micromet, Inc. as of December 31, 2010 and 2009 and the related consolidated statements of operations, stockholders equity, and cash flows for each of the three years in the period ended December 31, 2010. 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 the standards of the Public Company Accounting Oversight Board (United States). 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 consolidated financial position of Micromet, Inc. at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As more fully discussed in Note 20, the Company has restated the accompanying consolidated financial statements as of and for the years ended December 31, 2010 and 2009 to correct errors in accounting for foreign currency transactions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Micromet Inc. s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2011, except for the effects of the material weakness described in the sixth paragraph of that report, as to which the date is April 15, 2011, which expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
March 3, 2011,
except for the effects of the matters described in Note 20, as to which the date is
April 15, 2011

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MICROMET, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2010 (as restated)	2009 (as restated)
	(In Thousands, Except Par Value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$97,509	$113,434
Short-term investments	123,458	4,169
Accounts receivable, net of allowance of $121 and $121	1,047	464
Prepaid expenses and other current assets	3,850	2,156
Total current assets	225,864	120,223
Property and equipment, net	5,577	3,959
Goodwill	6,462	6,462
Patents, net	300	1,016
Long-term investments	1,705	
Restricted cash	2,396	3,153
Total assets	$242,304	$134,813
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$5,150	$6,053
Accrued expenses	11,314	16,360
Common stock warrants liability	23,858	20,244
Current portion of deferred revenue	5,695	9,838
Total current liabilities	46,017	52,495
Deferred revenue, net of current portion	20,538	13,281
Other non-current liabilities	1,160	2,196
Stockholders equity:		
Preferred stock, $0.00004 par value; 10,000 shares authorized; no shares issued and outstanding		
Common stock, $0.00004 par value; 150,000 shares authorized; 91,160 and 69,178 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	4	3
Additional paid-in capital	470,368	314,627
Accumulated other comprehensive income	8,569	6,444
Accumulated deficit	(304,352)	(254,233)
Total stockholders equity	174,589	66,841
Total liabilities and stockholders equity	$242,304	$134,813

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

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MICROMET, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2010 (as restated)	2009 (as restated)	2008
	(In Thousands, Except Per Share Amounts)		
Revenues:			
Collaboration agreements	$27,947	$19,584	$25,870
License fees and other	797	1,457	1,416
Total revenues	28,744	21,041	27,286
Operating expenses:			
Research and development	49,375	53,423	37,846
General and administrative	21,432	17,010	15,506
Total operating expenses	70,807	70,433	53,352
Loss from operations	(42,063)	(49,392)	(26,066)
Other income (expense):			
Interest expense	(108)	(281)	(222)
Interest income	355	419	740
Change in fair value of common stock warrants liability	(3,614)	(7,950)	(8,064)
Other income (expense), net	(4,689)	1,140	377
Net loss	$(50,119)	$(56,064)	$(33,235)
Basic and diluted net loss per common share	$(0.63)	$(0.96)	$(0.77)
Weighted average shares used to compute basic and diluted net loss per share	79,726	58,582	43,309

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

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MICROMET, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

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

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MICROMET, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2010 (as restated)	2009 (as restated)	2008
	(In Thousands)		
Cash flows from operating activities:			
Net loss	$(50,119)	$(56,064)	$(33,235)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,052	3,058	3,732
Accretion on lease liability	308	329	352
Non-cash impact on foreign currency transactions	3,947	(1,346)	
Amortization of premium/discount on short-term investments	559	158	
Non-cash change in fair value of common stock warrants liability	3,614	7,950	8,064
Stock-based compensation expense	8,096	5,783	3,367
Impairment of patents	214	2,585	
Changes in operating assets and liabilities:			
Accounts receivable	(496)	3,051	1,324
Prepaid expenses and other current assets	(722)	(77)	683
Accounts payable, accrued expenses and other liabilities	(5,542)	14,578	(416)
Deferred revenue	4,748	11,363	454
Net cash used in operating activities	(33,341)	(8,632)	(15,675)
Cash flows from investing activities:			
Purchases of investments	(174,723)	(26,105)	
Proceeds from the maturity of investments	52,420	23,946	
Purchases of property and equipment	(3,491)	(1,175)	(468)
Restricted cash used as collateral	(301)		15
Net cash used in investing activities	(126,095)	(3,334)	(453)
Cash flows from financing activities:			
Proceeds from issuance of common stock and common stock warrants, net	145,935	80,026	37,210
Proceeds from exercise of stock options	1,384	1,493	987
Proceeds from exercise of warrants	327	337	421
Principal payments on debt obligations		(2,187)	(2,466)
Principal payments on capital lease obligations	(197)	(142)	(186)
Net cash provided by financing activities	147,449	79,527	35,966
Effect of exchange rate changes on cash and cash equivalents	(3,938)	(295)	(736)
Net change in cash and cash equivalents	(15,925)	67,266	19,102
Cash and cash equivalents at beginning of period	113,434	46,168	27,066
Cash and cash equivalents at end of period	$97,509	$113,434	$46,168

Supplemental disclosure of cash flow information:			
Cash paid for interest	124	295	1,137
Supplemental disclosure of noncash investing and financing activities:			
Acquisitions of equipment purchased through capital leases	$28	$621	$219
Issuance of warrants in connection with equity transactions and Committed Equity Financing Facility	$	$	$818
Cashless exercise of warrants	$	$	$988

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

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Business Overview

We are a biopharmaceutical company focused on the discovery, development and commercialization of innovative antibody-based therapies for the treatment of cancer. Our product development pipeline includes novel antibodies generated with our proprietary BiTE® antibody platform, as well as conventional monoclonal antibodies. Seven of our antibodies are currently in clinical trials, while the remainder of our product pipeline is in earlier stages of preclinical development. To date, we have incurred significant research and development expenses and have not achieved any revenues from product sales.

Note 2. Basis of Presentation

Unless otherwise noted, all financial information is that of Micromet, Inc. and our wholly owned subsidiaries: Micromet AG; Micromet Holdings, Inc.; and Cell-Matrix, Inc. Our former subsidiaries Tarcanta, Inc. and Tarcanta, Ltd. were dissolved and liquidated during 2009. Substantially all of our operating activities are conducted through Micromet AG, a wholly-owned subsidiary of Micromet Holdings, Inc. and an indirect wholly-owned subsidiary of Micromet, Inc. The accompanying consolidated financial statements include the accounts of our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Unless specifically noted otherwise, as used throughout these notes to the consolidated financial statements, Micromet, we, us, and our refers to the business of Micromet, Inc. and its subsidiaries as a whole.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, the valuation of goodwill, intangibles and other long-lived assets, lease exit liabilities, asset retirement obligations and assumptions in the valuation of stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates.

The accompanying financial statements have been prepared assuming we will continue as a going concern. This basis of accounting contemplates the recovery of our assets and the satisfaction of our liabilities in the normal course of business. As of December 31, 2010, we had an accumulated deficit of $304.4 million, as restated (See Note 20). We expect that operating losses and negative cash flows from operations will continue for at least the next several years and we will need to generate additional funds to achieve our strategic goals. If necessary, we may seek to raise substantial funds through the sale of our common stock and common stock warrants, or through debt financing or through establishing additional strategic collaboration agreements. We do not know whether additional financing will be available when needed, or whether it will be available on favorable terms, or at all. Based on our capital resources as of the date of this report, we believe that we have adequate resources to fund our operations into 2013, without considering any potential future milestone payments that we may receive under our current or any new collaborations we may enter into in the future, any future capital raising transactions or any draw downs from our committed equity financing facility, or CEFF, with Kingsbridge Capital Limited (see Note 11).

Note 3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents on the balance sheets are comprised of cash at banks, money market funds and short-term deposits with an original maturity from date of purchase of three months or less.

Restricted Cash

We have issued irrevocable standby letters of credit in connection with property that we currently sublease, as well as our current property leases in Munich, Germany and Bethesda, Maryland. In addition, in December 2010 we signed a lease for new office space in Rockville, Maryland and we issued an additional irrevocable standby letter of credit for that space in the amount of $0.3 million. As of December 31, 2010 and

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

2009, we had a total of $3.4 million and $3.2 million, respectively, in certificates of deposit relating to these letters of credit. As of December 31, 2010, $1.0 million of restricted cash is classified as prepaid expenses and other current assets and the remaining balance of $2.4 million is classified as non-current restricted cash. As of December 31, 2009 total restricted cash of $3.2 million was classified as non-current restricted cash.

Investments

We classify our investments as available-for-sale and record them at fair value, with any unrealized gains and losses reported in other comprehensive income (loss), unless the security has experienced a credit loss, we have determined to sell the security or we have determined that it is more-likely-than-not we will have to sell the security before its expected recovery. We include interest and dividends and the amortization of premiums and accretion of discounts to maturity in interest income and any realized gains and losses in other income or expense. We base the cost of securities sold on the specific identification method.

We monitor our investment portfolio for impairment quarterly, and more frequently if circumstances warrant. In the event that the carrying value of an investment exceeds its fair value and we determine the decline in value to be other-than-temporary, we would record an impairment charge as other expense. In determining whether a decline in the value of an investment is other-than-temporary, we evaluate available quantitative and qualitative factors, including general market conditions, the duration and extent to which fair value has been less than the carrying value, the investment issuer s financial condition and business outlook and our assessment as to whether a decision to sell the security has been made or whether it is more likely than not that we will be required to sell a security prior to recovery of its carrying value.

The amortized cost, net unrealized gain or loss and estimated fair value of investments by security type were as follows at December 31, 2010 and 2009 (in thousands):

Securities at December 31, 2010:	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Foreign government bonds	$ 48,417	$ 11	$ (25)	$ 48,403
U.S. Government agencies	7,000		(4)	6,996
Commercial paper	27,928	13	(3)	27,938
U.S. corporate bonds	34,651	3	(23)	34,631
Municipal bonds*	7,195			7,195
Total	$ 125,191	$ 27	$ (55)	$ 125,163

Securities at December 31, 2009:	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Foreign government bonds	$ 4,174	$	$ (5)	$ 4,169
U.S. corporate bonds				
Total	$ 4,174	$	$ (5)	$ 4,169

* Issued by a state level entity

As of December 31, 2010, the Company s securities in an unrealized loss position were valued at $66.1 million. All of these securities with an unrealized loss have been in a continuous unrealized loss position for less than one year. We have determined that the decline in fair value of these investments is temporary. We do not intend to sell these securities and it is not more likely than not we will be required to sell the securities before the recovery of their amortized cost basis.

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

The following table summarizes the contractual maturities of marketable investments at December 31, 2010 and 2009 (in thousands):

Securities at December 31, 2010:	Amortized Cost	Fair Value
Due in less than one year	$ 123,486	$ 123,458
Due in one to two years	1,705	1,705
Due after two years		
Total	$ 125,191	$ 125,163

Securities at December 31, 2009:	Amortized Cost	Fair Value
Due in less than one year	$ 4,174	$ 4,169
Due in one to two years		
Due after two years		
Total	$ 4,174	$ 4,169

Fair Value Measurements

The fair value of an asset or liability should represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Such transactions to sell an asset or transfer a liability are assumed to occur in the principal or most advantageous market for the asset or liability. Accordingly, fair value is determined based on a hypothetical transaction at the measurement date, considered from the perspective of a market participant rather than from a reporting entity s perspective. New fair value measurements are not required if existing accounting guidance in the Financial Accounting Standard Board (FASB) codification require or permit fair value measurements.

Disclosure of assets and liabilities subject to fair value disclosures are to be classified according to a three level fair value hierarchy with respect to the inputs (or assumptions) used in fair value measurements. Observable inputs such as unadjusted quoted market prices for identical assets or liabilities are given the highest priority within the hierarchy (Level 1). When observable inputs are unavailable, the use of unobservable inputs is permitted *i.e.*, inputs that a reporting entity believes market participants would use in pricing that are developed based on the best information available. Unobservable inputs are given the lowest priority within the hierarchy (Level 3). The level within the hierarchy at which a fair value measurement lies is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Refer to related disclosures at Note 14 of these consolidated financial statements.

Accounts Receivable

Accounts receivable are recorded at the amount invoiced and generally do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses from the existing accounts receivable. We determine the allowance based on historical experience, review of specific accounts, and significant past due balances. Account balances are written off against the allowance after all reasonable means of collection have been exhausted and recovery is considered remote.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Major replacements and improvements that extend the useful life of assets are capitalized, while general repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the estimated useful lives of the assets or the related lease term, whichever is shorter.

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

Goodwill

We review goodwill for impairment at least annually and more frequently if events or changes in circumstances indicate a reduction in the fair value of the reporting unit to which the goodwill has been assigned. A reporting unit is an operating segment for which discrete financial information is available and segment management regularly reviews the operating results of that component. We have determined that we have only one reporting unit, the development of biopharmaceutical products. Goodwill is determined to be impaired if the fair value of the reporting unit is less than its carrying amount. We have selected October 1 as our annual goodwill impairment testing date. For the years ended December 31, 2010, 2009, and 2008, we completed our annual impairment analysis and found no indication of impairment.

Patents

Our patent portfolio consists primarily of internally developed patents covering our BiTE antibody platform and the composition of our BiTE antibody product candidates and conventional antibodies. The costs of generating our internally developed patent portfolio have been expensed as incurred.

We also acquired patents in 2001 covering single-chain antibody technology. These purchased patents are being amortized over their estimated useful lives through 2011 using the straight-line method. These patents are utilized in revenue-producing activities through license agreements. Evidence from recent licensing transactions indicated that our future licensing fees derived from these purchased patents will be lower than previously expected. We deemed these events in connection with lower expectations of future licensing fees to be an indication of potential impairment.

As a result of indicators of impairment described above, we assessed whether the carrying value of the purchased patents was recoverable. We evaluated whether the carrying value of the patents would be recoverable by comparing their carrying value to the undiscounted cash flows generated from these patents. The carrying value was in excess of the undiscounted cash flows; therefore, we estimated the fair value of the patents to determine the amount of impairment. We estimated the fair value of the patents using the income approach (discounted cash flows). Based on the fair value, we recognized a non-cash patent impairment charge of approximately $0.2 million and $2.6 million during the years ended December 31, 2010 and 2009, respectively. The impairment charges were recorded within research and development expenses on our consolidated statements of operations. Key inputs utilized in the determination of this non-recurring fair value measurement related to our estimates of cash flows for the remaining patent life and the discount rate factor. The determination of the discount rate was based upon the risk-free rate, adjusted by a risk premium. Because these inputs are unobservable, the fair value determination is a Level 3 measurement.

Impairment of Long-Lived and Identifiable Intangible Assets

We evaluate the carrying value of long-lived assets and identifiable intangible assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability is determined by comparing projected undiscounted cash flows associated with such assets to the related carrying value. An impairment loss would be recognized when the estimated undiscounted future cash flow is less than the carrying amount of the asset. An impairment loss would be measured as the amount by which the carrying value of the asset exceeds the fair value of the asset.

Common Stock Warrants Liability

In June 2007, we completed a private placement of 9,216,709 shares of common stock and issued warrants to purchase an additional 4,608,356 shares of common stock. Due to certain provisions in the common stock warrant agreement, these warrants are required to be classified as a liability. Management believes that the circumstances requiring cash settlement of the award are remote. The common stock warrants

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

liability is recorded at fair value, which is adjusted at the end of each reporting period using the Black-Scholes option-pricing model, with changes in value included in the consolidated statements of operations.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the exchange rate in effect at the balance sheet date. Transaction gains (losses) are recorded in the consolidated statements of operations in other income (expense) and amounted to $(3,417,000), $1,195,000 and $(49,000) for the years ended December 31, 2010, 2009 and 2008, respectively. Included in the 2010 loss of $(3,417,000) is a realized loss of $5,368,000 previously recorded in other comprehensive income.

The accompanying consolidated financial statements are presented in U.S. dollars. The translation of assets and liabilities to U.S. dollars is made at the exchange rate in effect at the balance sheet date, while equity accounts are translated at historical rates. The translation of statement of operations data is made at the average exchange rate in effect for the period. The translation of operating cash flow data is made at the average exchange rate in effect for the period, and investing and financing cash flow data is translated at the exchange rate in effect at the date of the underlying transaction. Translation gains and losses are recognized as a component of accumulated other comprehensive income in the accompanying consolidated balance sheets. The foreign currency translation adjustment balance was $7.4 million and $6.1 million at December 31, 2010 and 2009, respectively.

Revenue Recognition

Our revenues consist of licensing fees, milestone payments and fees for research services earned from license agreements or from research and development collaboration agreements. We recognize revenue in accordance with the Securities and Exchange Commission s (SEC) Staff Accounting Bulletin (SAB) No. 104, *Revenue Recognition*, upon the satisfaction of the following four criteria: persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectibility is reasonably assured.

We recognize revenues under collaborative research agreements as we perform the services specified in the related agreement, or as we incur expenses that are passed through to the collaborator. Milestone payments are received upon the achievement of goals predetermined under the collaboration agreements. For milestones that are deemed substantive, we recognize the contingent revenue once the milestone has been reached and any required customer acceptance has been obtained. Milestones are considered substantive if all the following criteria are met: 1) the milestone payment is non-refundable and relates solely to past performance; 2) achievement of the milestone was not reasonably assured at the inception of the arrangement; 3) substantive effort is involved to achieve the milestone; and 4) the amount of the milestone payment appears reasonable in relation to the effort expended, other milestones in the

arrangement and the related risk of achieving the milestone. Fees for research and development services performed under an agreement are generally stated at a yearly fixed fee per research scientist, and are recognized as revenues as the services are provided. We record any amounts received in advance of services performed as deferred revenue and recognize it as revenues if and when earned. Under certain license agreements, we may receive initial license fees and annual renewal fees, which are recognized as revenue when the SAB No. 104 criteria have been satisfied, unless we have further obligations associated with the license granted. We recognize revenue from payments received at the time of entering into an agreement on a straight-line basis over the term of our obligations under the agreement.

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

We are entitled to receive royalty payments on the sale of products developed under our license and collaboration agreements. Any such royalties are based upon the volume of products sold and would be recognized as revenue upon notification by our collaborator or licensee that is commercializing the product that sales have occurred. There have been no product sales to date that would result in any royalty payments to us.

For revenue arrangements that include multiple deliverables, we identify separate units of accounting based on the consensus reached in ASC Topic 605-25, *Revenue Arrangements with Multiple Deliverables*. ASC Topic 605-25 provides that revenue arrangements with multiple deliverables should be divided into separate units of accounting if certain criteria are met. The consideration for the arrangement is allocated to the separate units of accounting based on their relative fair values. Applicable revenue recognition criteria are then considered separately for each unit of accounting. We recognize revenue on development and collaboration agreements, including upfront payments, where they are considered combined units of accounting, over the period specified in the related agreement or as we perform services under the agreement.

Revenues from the achievement of research and development milestones, if deemed substantive, are recognized as revenue when the milestones are achieved and the milestone payments are due and collectible. If not deemed substantive, we would recognize such milestone payments as revenue on a straight-line basis over the remaining expected term of continued involvement in the research and development process. Milestones are considered substantive if all of the following conditions are met: (1) the milestone is non-refundable; (2) achievement of the milestone was not reasonably assured at the inception of the arrangement; (3) substantive effort is involved to achieve the milestone; and (4) the amount of the milestone appears reasonable in relation to the effort expended, the other milestones in the arrangement and the related risk associated with the achievement of the milestone and any ongoing research and development or other services are priced at fair value. Payments received in advance of work performed are recorded as deferred revenue.

Research and Development

Except for payments made in advance of services rendered, research and development expenditures, including direct and allocated expenses, are charged to operations as incurred.

Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) is the result of foreign currency exchange translation adjustments and unrealized gains on available for sale investments. The following table sets forth the components of comprehensive income (loss) (in thousands):

	Years Ended December 31,		
	2010 (Restated)	2009 (Restated)	2008
Net loss	$(50,119)	$(56,064)	$(33,236)
Realized foreign currency translation, net of tax	862	651	
Foreign currency translation adjustments, net of tax	1,288	51	(146)
Unrealized gain on available for sale investments, net of tax	(25)	(7)	
Comprehensive loss	$(47,994)	$(55,369)	$(33,382)

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

We account for stock-based payments to employees by estimating the fair value of the grant and recognizing the resulting value ratably over the requisite service period. The estimated fair value is determined by utilizing the Black-Scholes option pricing model. The determination of the estimated fair value of our stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding expected volatility, risk-free interest rate, dividend yield and expected term.

We recognize stock-based compensation expense for options granted with graded vesting over the requisite service period of the individual stock option grants, which typically equals the vesting period, using the straight-line attribution method. For stock-based awards that contain a performance condition, expense is recognized using the accelerated attribution method. Compensation expense related to stock-based compensation is allocated to research and development or general and administrative based upon the department to which the associated employee reports.

Options or stock awards issued to non-employees are measured at their estimated fair value. Expense is recognized when service is rendered; however, the expense may fluctuate with changes in the fair value of the underlying common stock, until the award is vested.

Income Taxes

We account for income taxes using the liability method. Deferred income taxes are recognized at the enacted tax rates for temporary differences between the financial statement and income tax bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some portion or all of the related tax asset will not be recovered.

We account for uncertain tax positions pursuant to ASC Topic 740. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than-not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured at the largest amount that is more than 50 percent likely to be realized upon ultimate settlement. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. It is our policy to record interest and penalties related to uncertain tax positions as a component of income tax expense.

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of common shares

outstanding for the period, without consideration for common stock equivalents. Diluted net loss per share is computed by dividing the net loss by the weighted average number of common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, convertible preferred stock, stock options, and warrants are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive. The following options and warrants to purchase additional shares were excluded from the weighted average share calculation for each of the three years ended December 31, 2010 as their effect would be anti-dilutive:

	Years ended December 31,		
	2010	2009	2008
Options outstanding	11,782,000	9,052,000	7,709,000
Warrants outstanding	8,059,000	8,141,000	8,222,000
Total shares excluded from calculation	19,841,000	17,193,000	15,931,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Summary of Significant Accounting Policies (continued)

Recent Accounting Standards and Pronouncements

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605) Multiple- Deliverable Revenue Arrangements: a consensus of the FASB Emerging Issues Task Force*. ASU No. 2009-13, which amends existing revenue recognition accounting pronouncements and provides accounting principles and application guidance on the accounting for multiple element arrangements, including whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. This guidance eliminates the requirement to establish the fair value of undelivered products and services and instead provides for separate revenue recognition based upon management s estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. This guidance establishes a selling price hierarchy for determining the selling price of each element within a multiple-deliverable arrangement. Specifically, the selling price assigned to each deliverable is to be based on vendor-specific objective evidence (VSOE), if available; third-party evidence, if VSOE is unavailable; and estimated selling prices, if neither VSOE nor third-party evidence is available. In addition, ASU No. 2009-13 requires allocation using the relative selling price method. ASU No. 2009-13 will be effective prospectively for multiple-deliverable revenue arrangements entered into, or materially modified, in fiscal years beginning on or after June 15, 2010. We will adopt this new approach prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after January 1, 2011. We anticipate that this standard will impact our consolidated financial position and results of operations in the event we complete future multiple element transactions, or modify existing collaborative relationships, for those transactions for which we conclude that the individual elements meet the criteria for standalone value. We consider several factors when estimating the selling price of a license, including the rights received by the licensee, the stage of development and development timeline, the expected market size for the product candidate, the expected life if commercialized and consideration received for comparable deals. Had we adopted the new guidance effective January 1, 2010, giving consideration to accounting for all 2010 contractual arrangements using the new guidance, we estimate that we would have recognized approximately $6.0 million of additional license revenues during 2010.

In April 2010, the FASB issued ASU No. 2010-17, *Revenue Recognition Milestone Method, or* ASU 2010-17. ASU 2010-17 provides guidance in applying the milestone method of revenue recognition to research or development arrangements. Under this guidance, management may recognize revenue contingent upon the achievement of a milestone in its entirety in the period in which the milestone is achieved only if the milestone meets all the criteria within the guidance to be considered substantive. ASU 2010-17 is effective on a prospective basis for research and development milestones achieved in fiscal years beginning on or after June 15, 2010. We will implement ASU 2010-17 effective January 1, 2011 and do not expect adoption of this standard to have a material impact on our consolidated financial position or results of operations.

Note 4. Property and Equipment

Property and equipment consists of the following (in thousands):

	Estimated Useful Life	December 31, 2010	2009
Laboratory equipment	5 years	$ 8,290	$ 6,058
Computer equipment and software	3 years	1,964	1,632
Furniture	10 years	981	850
Leasehold improvements	10 years	5,073	5,258
		16,308	13,798
Less: accumulated depreciation and amortization		(10,731)	(9,839)
Property and equipment, net		$ 5,577	$ 3,959

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Property and Equipment (continued)

Included above are laboratory and computer equipment acquired under capital lease arrangements with a cost of $1,085,000 and $1,158,000 at December 31, 2010 and 2009, respectively. The accumulated depreciation related to assets under capital lease arrangements was approximately $598,000 and $392,000 as of December 31, 2010 and 2009, respectively. The capital lease equipment is amortized over the useful life of the equipment or the lease term, whichever is less, and such amortization expenses are included within depreciation and amortization expense in our consolidated statements of operations.

Note 5. Patents

Patents consist of the following (in thousands):

	December 31,	
	2010	2009
Patents	$ 16,941	$ 18,766
Less: accumulated amortization	(16,641)	(17,750)
Patents, net	$ 300	$ 1,016

Amortization expense on patents for the years ended December 31, 2010, 2009 and 2008 amounted to $0.4 million, $2.0 million and $2.2 million, respectively and is included in research and development expenses. Included in the research and development expenses were non-cash impairment charges of $0.2 million and $2.6 million recorded during the year ended December 31, 2010 and 2009, respectively.

The remaining $300,000 will be amortized during 2011.

Note 6. Accrued Expenses

Accrued expenses consists of the following (in thousands):

	December 31,	
	2010	2009
Accrued employee benefits	$ 2,865	$ 2,039
Accrued research and development expenses	4,083	1,877
Other accrued liabilities and expenses	1,277	3,153
Accrued expenses related to MedImmune termination (see Note 16)	3,089	5,291
Accrued settlement charges related to Curis (see Note 18)		4,000
	$ 11,314	$ 16,360

Note 7. Income Taxes (restated See Note 20)

As a result of the net operating losses we have incurred since inception, no provision for income taxes has been recorded. As of December 31, 2010 we had accumulated tax net operating loss carryforwards in Germany of approximately $199 million. Losses before income taxes are as follows (in millions):

	U.S.	Germany	Total
Losses before income taxes for the year ended December 31, 2010	$ 25.7	$ 24.4	$ 50.1
Losses before income taxes for the year ended December 31, 2009	$ 18.3	$ 37.8	$ 56.1
Losses before income taxes for the year ended December 31, 2008	$ 18.7	$ 14.5	$ 33.2

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Income Taxes (restated See Note 20) (continued)

Prior to 2006, losses before income taxes were generated in Germany. Under prior German tax laws, the German loss carryforwards have an indefinite life and may be used to offset our future taxable income. Effective January 2004, the German tax authorities changed the rules concerning deduction of loss carryforwards. This loss carryforward deduction is now limited to €1 million per year, and the deduction of the exceeding amount is limited to 60% of the net taxable income. Net operating loss carryforwards are subject to review and possible adjustment by the German tax authorities. Furthermore, under current German tax laws, certain substantial changes in our ownership may limit the amount of net operating loss carryforwards which could be utilized annually to offset future taxable income.

As of December 31, 2010, we have accumulated U.S. federal and state gross net operating losses of $104.9 million and $102.0 million, respectively. We also have state income tax credit carryforwards of $3.2 million. Under U.S. federal and state tax laws, Micromet s net operating losses accumulated prior to the merger between Micromet AG and CancerVax Corporation in 2006 are substantially limited under Internal Revenue Code Sections 382 and 383. The federal and state net operating loss carryforwards expire beginning in 2025 and 2015, respectively, unless previously utilized. Additionally, Section 382 limits the availability to accelerate the utilization of the entire amount of net operating losses. State income tax credits of $3.2 million do not expire.

The following table displays the difference between our effective tax rates and the statutory tax rates for the years ended December 31, 2010, 2009 and 2008, respectively (in thousands):

	Years Ended December 31,		
	2010	2009	2008
Federal tax at statutory rate	$ (17,542)	$ (19,623)	$ (11,632)
State taxes	(1,380)	(982)	(1,004)
Stock options	2,501	2,133	1,359
Change in warrant valuation	1,459	3,209	3,255
Change in valuation allowance	14,347	13,632	7,079
Foreign tax rate differential	595	1,619	443
Other	20	12	500
Total tax expense	$	$	$

For the years ended December 31, 2010, 2009 and 2008, the German income tax rate was calculated at 32.98% of the taxable income. That rate consists of 15.00% corporate tax, 5.50% solidarity surcharge on corporate tax and 17.15% trade tax. In fiscal years 2010, 2009 and 2008, the United States federal and state blended income tax rate was calculated at 40.4% of taxable income. The rate consists of 35% federal income tax and 5.4% state income tax. The state income tax rate is net of the federal benefit for state income tax expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Income Taxes (restated See Note 20) (continued)

The tax effects of temporary differences and tax loss carryforwards that give rise to significant portions of deferred tax assets and liabilities are comprised of the following (in thousands):

	December 31,	
	2010	2009
Deferred tax assets		
Net operating loss carry forwards Germany	$ 63,904	$ 63,170
Net operating loss carryforwards United States federal and state	42,184	35,869
Prepaid expenses and other current assets		361
Patents and other intangibles	388	522
Stock-based compensation	1,956	2,104
Accrued expenses and other liabilities	1,317	917
Other non-current liabilities	94	53
Other	9,311	9,739
State tax credits	3,152	3,152
Deferred tax liabilities		
Property and equipment, net	(42)	(59)
Deferred revenue	(866)	(4,040)
	121,398	111,788
Valuation allowance	(121,398)	(111,788)
Net deferred tax assets	$	$

At December 31, 2010 and 2009 we had approximately $71.9 million and $68.6 million, respectively, of net deferred tax assets, before valuation allowance, located in Germany.

Due to the degree of uncertainty related to the ultimate utilization and recoverability of the loss carryforwards and other deferred tax assets, no income tax benefit has been recorded in our consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008, as any losses available for carryforward are fully reserved through increases in the valuation allowance recorded. The increase in the valuation allowance for 2010 is due to the increase in net operating loss carryforwards from operations during the year and other temporary differences. No income taxes were paid in the years ended December 31, 2010, 2009 and 2008.

Note 8. Deferred Revenue

Deferred revenues were derived from research and development agreements with Nycomed, Bayer Schering, sanofi-aventis, TRACON Pharmaceuticals, Inc. and Merck Serono as follows (in thousands):

	December 31,	
	2010	2009
Nycomed	$ 6,310	$ 6,493
Sanofi-aventis	5,640	11,042
Bayer Schering Pharma	5,155	608
Boehringer Ingelheim	6,405	
Merck Serono	1,368	3,331
TRACON	1,121	1,221
Other	234	424
Subtotal	26,233	23,119
Current portion	(5,695)	(9,838)
Long term portion	$ 20,538	$ 13,281

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Deferred Revenue (continued)

The deferred revenue for Nycomed, sanofi-aventis, Bayer Schering and TRACON consists mainly of the upfront license fees that are being recognized over the period that we are required to participate on joint steering committees of 20 years, 6 years, 4.5 years and 15 years, respectively.

The upfront license fees and research and development service reimbursements in the collaboration agreement with Merck Serono are considered to be a combined unit of accounting and, accordingly, the related amounts are recognized ratably over the expected period of the research and development program, which continues through 2011.

Note 9. Other Liabilities

Other liabilities consist of the following (in thousands):

	December 31,	
	2010	2009
Facility lease exit liability	$ 1,504	$ 1,276
GEK subsidy	75	137
Asset retirement obligation	620	567
Capital lease obligations (see Note 10)	521	757
Other	14	18
Subtotal	2,734	2,755
Less current portion included in accrued expenses	(1,574)	(559)
Other non-current liabilities	$ 1,160	$ 2,196

Facility Lease Exit Liability and Restructuring Provision

We acquired facility lease exit liabilities on two properties as of May 2006, the date of our merger with CancerVax Corporation. One was for a manufacturing facility in Marina del Rey, California, and the other was for our former corporate headquarters in Carlsbad, California. The Marina del Rey lease was assigned in 2006, under which we assumed an obligation to restore the property to its original condition at the end of the lease in August 2011. Under this assignment a $1.0 million standby letter of credit was established, collateralized by a certificate of deposit in the same amount, to cover these restoration costs. We estimated our liability and recorded an accretion expense periodically since the date of assignment. We subleased our former corporate headquarters in Carlsbad and as of April 2007, it was fully subleased; however, the sublease income does not fully cover our lease obligations.

During the fourth quarter of 2010 we made an adjustment to increase the lease exit liability in the amount of $447,000 related to the Marina del Rey property. The adjustment results from an increase in our estimate of the restoration costs. We expect our obligation will be $1.0 million and expect it to be paid during the third quarter of 2011.

We review the adequacy of our estimated exit accruals on an ongoing basis. The following table summarizes the facility lease activity for these obligations for the years ended December 31, 2010 and 2009 (in thousands):

	Years ended December 31,	
	2010	2009
Balance January 1,	$ 1,276	$ 1,432
Amounts paid in period	(432)	(402)
Accretion expense	213	246
Adjustment to liability	447	
Balance December 31,	$ 1,504	$ 1,276

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Other Liabilities (continued)

Of the $1,504,000 lease exit liability as of December 31, 2010, $1,277,000 is current and $227,000 is non-current.

Note 10. Commitments and Contingencies

Lease Obligations

During the years ended December 31, 2010, 2009 and 2008, we entered into equipment financing agreements in the amount of $28,000, $621,000 and $219,000, respectively, for the purpose of buying information technology equipment. The amounts are repayable in monthly installments, the last of which is due in December 2014. The agreements provide for interest ranging from 0.9% to 17.0% per annum. Future minimum lease payments under non-cancelable operating and capital leases as of December 31, 2010, offset by estimated sublease income under operating leases, are as follows (in thousands):

	Capital Leases	Operating Leases	Estimated Sublease Income	Net Operating Leases
2011	$ 316	$ 5,428	$ (1,715)	$ 3,713
2012	207	4,528	(717)	3,811
2013	66	3,579		3,579
2014	48	3,561		3,561
2015		3,431		3,431
Thereafter		5,417		5,417
Total minimum lease payments	637	$ 25,944	$ (2,432)	$ 23,512
Less: amount representing imputed interest	116			
Present value of minimum lease payments	521			
Less: current portion	246			
Capital lease obligation, less current portion	$ 275			

The sublease income is from sublease agreements related to our former corporate headquarters in Carlsbad, California and a portion of our Munich, Germany facility.

Operating lease expenses amounted to approximately $5.2 million, $5.1 million and $5.1 million for the years ended December 31, 2010, 2009 and 2008, respectively. Sublease income amounted to approximately $2.5 million, $2.5 million, and $2.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. The lease agreements provide for various renewal options.

License and Research and Development Agreements

We license certain of our technology from third parties. In exchange for the right to use their technology in our research and development efforts, we have entered into various license agreements. These agreements generally require that we pay license fees and royalties on future product sales. In addition, many of the agreements obligate us to make contractually defined payments upon the achievement of certain development and commercial milestones.

License expenses and milestone payments amounted to approximately $0.6 million, $1.0 million and $1.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Commitments and Contingencies (continued)

Our fixed commitments under license and research and development agreements are as follows (in thousands):

2011	$ 54
2012	54
2013	54
2014	54
2015	54
Thereafter	384
Total minimum payments	$ 654

Note 11. Stockholders Equity

Issuances of Common Stock

On November 10, 2010, we entered into a purchase agreement with Piper Jaffray & Co. pursuant to which we sold 9,900,000 shares of our common stock at a price per share of $7.15. The gross proceeds to us from the sale were $70.8 million. We incurred investment banking fees, legal fees and other financing costs of approximately $0.3 million, resulting in net proceeds of $70.5 million.

On March 11, 2010, we entered into an underwriting agreement with Goldman, Sachs & Co., as representative of the several underwriters named therein, pursuant to which we issued an aggregate of 11,500,000 shares of common stock, including the exercise of an over-allotment option for 1,500,000 shares, at a public offering price of $7.00 per share for gross proceeds of $80.5 million. After underwriting discount of $4.8 million and expenses payable by us of approximately $0.3 million, net proceeds from the public offering were approximately $75.4 million.

On July 30, 2009, we entered into a definitive agreement with various underwriters pursuant to which we issued an aggregate of 16,100,000 shares of common stock in a public offering, including the exercise in full of an over-allotment option for 2,100,000 shares, for aggregate gross proceeds, before underwriting discount and expenses, of $80.5 million. After underwriting discount of $5.2 million and expenses payable by us of approximately $0.3 million, net proceeds from the public offering were $74.9 million.

On October 2, 2008, we completed a private placement with various institutional and individual accredited investors to which we issued an aggregate of 9,411,948 shares of common stock and warrants to purchase an additional 2,823,585 shares of common stock in return for aggregate gross proceeds, before expenses, of $40.0 million (excluding any proceeds that might be received upon exercise of the warrants). We incurred investment banking fees, legal fees, and other financing costs of approximately $2.8 million, resulting in net proceeds of approximately $37.2 million. The purchase price of each share of common stock sold in the financing was $4.21, the closing price of our common stock on the Nasdaq Global Market on September 29, 2008, the date we entered into the securities purchase

agreement with the investors, and the purchase price for the warrants was approximately $0.125 for each share of common stock underlying the warrants. The warrants are exercisable for five years from the date of issuance and have an exercise price of $4.63 per share.

On June 22, 2007, we completed a private placement with various institutional and individual accredited investors to which we issued an aggregate of 9,216,709 shares of common stock and warrants to purchase an additional 4,608,356 shares of common stock in return for aggregate gross proceeds, before expenses, of $25.4 million (excluding any proceeds that might be received upon exercise of the warrants). We incurred investment banking fees, legal fees, and other financing costs of approximately $1.9 million resulting in net proceeds of approximately $23.5 million. The purchase price of each share of common stock sold in the financing was $2.69, the closing price of our common stock on the Nasdaq Global Market on June 19, 2007, the date we entered into the securities purchase agreement with the investors, and the purchase price for the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Stockholders Equity (continued)

warrants was $0.125 for each share of common stock underlying the warrants. The warrants are exercisable beginning 180 days after issuance through December 19, 2012 and have an exercise price of $3.09 per share.

Under the terms of the warrants issued in the 2007 private placement, if a Fundamental Transaction (as defined in the warrant) occurs, we (or the successor entity) are required to purchase any unexercised warrants from the holder thereof for cash in an amount equal to its value computed using the Black-Scholes option-pricing model with prescribed guidelines.

Since the Fundamental Transaction terms provide the warrant holders with a benefit in the form of a cash payment equal to the fair value of the unexercised warrants calculated using the Black-Scholes option-pricing model formula upon the occurrence of certain qualifying events described above, the warrants have been classified as a liability until the earlier of the date the warrants are exercised in full or expire. The warrants were valued on the date of grant using the Black-Scholes option-pricing model and using the following assumptions: a risk-free rate of 4.78%, a volatility factor of 75.2%, an expected life of 5.5 years, and a dividend rate of zero. The estimated fair value of the warrants on the date of grant was approximately $7.0 million. The fair value as of December 31, 2010 and 2009 was approximately $23.9 million and $20.2 million, respectively. The warrants are required to be revalued as derivative instruments at each reporting period end. We adjust the instruments to their fair values at the balance sheet date using the Black-Scholes option pricing model, with the change in value recorded as other income/expense on our consolidated statement of operations. Fluctuations in the market price of our common stock between measurement periods will have an impact on the revaluations, the results of which are highly unpredictable and may have a significant impact on our results of operations.

In connection with the October 2, 2008 and the June 22, 2007 private placements, we also agreed to file registration statements under the Securities Act of 1933, as amended, registering for resale the shares of common stock sold in the private placements, including the shares of common stock underlying the warrants. We may be liable for liquidated damages to holders of the common shares if we do not maintain the effectiveness of the registration statements. The amount of the liquidated damages is, in aggregate, up to 1.5% of the purchase price of the common stock per month, subject to an aggregate maximum of up to 12% of the aggregate purchase price of the shares. We are not liable for liquidated damages with respect to the warrants or the common shares issuable upon exercise of the warrants.

We account for the registration payment arrangement under the provisions of ASC 815, *Accounting for Registration Payment Arrangements.* As of December 31, 2010 and 2009, management determined that it is not probable that we will be obligated to pay any liquidated damages in connection with the private placements. Accordingly, no accrual for contingent obligation is required or recorded as of December 31, 2010 and 2009.

Committed Equity Financing Facility

In December 2008, we entered into a Committed Equity Financing Facility (CEFF) with Kingsbridge Capital Limited

(Kingsbridge) which entitles us to sell and obligates Kingsbridge to purchase, from time to time over a period of three years, up to 10,104,919 shares of our common stock for cash consideration of up to $75.0 million, subject to certain conditions and restrictions. We are not eligible to draw down any funds under the CEFF at any time when our stock price is below $2.00 per share. In connection with the December 2008 CEFF, we terminated a prior CEFF with Kingsbridge that had been in place since August 2006. The December 2008 CEFF expanded the amount available to draw from $25.0 million under the August 2006 CEFF to $75.0 million. We did not draw down on the August 2006 CEFF.

In connection with the December 2008 CEFF, we entered into a common stock purchase agreement and registration rights agreement and issued a warrant to Kingsbridge to purchase 135,000 shares of our common stock at a price of $4.44 per share. The warrant is exercisable beginning on the six-month anniversary of the date of grant, and for a period of five years thereafter. In connection with the August 2006 CEFF, we issued to

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Note 11. Stockholders Equity (continued)

Kingsbridge a warrant to purchase up to 285,000 shares of common stock at an exercise price of $3.2145 per share, which warrant was not affected by the new CEFF or the issuance of the new warrant to Kingsbridge. The fair value of the warrants issued approximates $0.8 million and was categorized as deferred financing costs included in other long-term assets as of December 31, 2008.

During the second quarter of 2009, we completed two draw downs under the CEFF and issued a total of 1,420,568 shares for aggregate gross proceeds of $5.3 million. In May 2009, we issued 764,700 shares to Kingsbridge for gross proceeds of $2.5 million (average price per share of $3.27), and in June 2009, we issued 655,868 shares to Kingsbridge in exchange for gross proceeds of $2.8 million (average price per share of $4.19). Accordingly, the remaining commitment of Kingsbridge under the CEFF for the potential purchase of our common stock is equal to the lesser of $69.7 million in cash consideration or 8,684,351 shares (which shares would be priced at a discount ranging from 6% to 14% of the average market price during any future draw down), subject to certain conditions and restrictions. In connection with the CEFF, we have incurred legal fees and other financing costs of approximately $138,000. These costs along with the $0.8 million fair value of the warrants were recorded as a reduction to the proceeds received under the CEFF.

Additional Issuances of Warrants to Purchase Common Stock

During 2002 and 2003, in connection with equipment financings we issued warrants to purchase an aggregate of 55,316 shares of our common stock with an exercise price of $12.07 per share. The warrants expire between 2012 and 2013.

The following table summarizes our warrant activity for the periods presented:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance January 1, 2008	5,527,082	$ 3.51
Issuance of warrants in connection with private placement of common stock	2,823,585	4.63
Issuance of warrants in connection with CEFF	135,000	4.44
Exercises of warrants	(263,397)	3.09
Balance December 31, 2008	8,222,270	$ 3.92
Exercises of warrants	(81,441)	4.13
Balance December 31, 2009	8,140,829	$ 3.92
Exercises of warrants	(70,588)	4.63

Expiration of warrants	(11,363)	32.34
Balance December 31, 2010	8,058,878	$ 3.87

Note 12. Stock Option and Employee Stock Purchase Plans

2003 Equity Incentive Award Plan

In connection with the merger with CancerVax Corporation, we assumed CancerVax s 2003 Amended and Restated Equity Incentive Award Plan (2003 Plan). Under the 2003 Plan, stock options, stock appreciation rights, restricted or deferred stock awards and other awards may be granted to employees, outside directors and consultants. Incentive stock options issued under the 2003 Plan may be issued to purchase a fixed number of shares of our common stock at prices not less than 100% of the fair market value at the date of grant, as defined in the 2003 Plan. Options granted to new employees generally become exercisable as follows: 25% of the shares vest one year after the grant date, with the remainder vesting monthly during the following three years. Options granted to existing employees generally vest on a monthly basis over a three-year period from the date of grant. The initial options granted to our non-employee directors under the 2003 Plan have a three-year vesting period. Subsequent grants of options to our non-employee directors have a one-year vesting

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Stock Option and Employee Stock Purchase Plans (continued)

period. Options granted to non-employee consultants generally have a one-year vesting period. Options under the 2003 Plan generally expire ten years from the grant date. At December 31, 2010, options to purchase approximately 10,439,000 shares of our common stock were outstanding, and there were approximately 239,000 additional shares remaining available for future grants under these plans.

2006 Stock Option Plan

In April 2006, Micromet Holdings, Inc. adopted a 2006 Equity Incentive Award Plan (2006 Plan) that provides for the granting of stock options to certain officers, directors, founders, employees and consultants to acquire up to approximately 1,923,000 shares of common stock. The 2006 Plan was assumed by us in connection with the closing of the merger between Micromet AG and CancerVax Corporation. At December 31, 2010, options to purchase approximately 1,343,000 shares of our common stock were outstanding under this plan, and there were approximately 2,000 shares remaining available for future option grants under this plan.

Stock Option Plan Activity Under 2003 and 2006 Plans

During the year ended December 31, 2010, we granted options to purchase 3,549,000 shares of our common stock. The weighted-average grant-date fair value of options granted during the year ended December 31, 2010 was $5.39. We did not recognize any expense related to performance-based options in either 2010 or 2008; however, during 2009, we recognized approximately $769,000 of expense related to performance-based options. The measurement date of stock options containing performance-based vesting is the date the stock option grant is authorized and the specific performance goals are communicated. Compensation expense is recognized based on the probability that the performance criteria will be met. The recognition of compensation expense associated with performance-based vesting requires judgment in assessing the probability of meeting the performance goals, as well as defined criteria for assessing achievement of the performance-related goals. The continued assessment of probability may result in additional expense recognition or expense reversal depending on the level of achievement of the performance goals.

The following is a summary of stock option activity under the 2003 and 2006 Plans for the year ended December 31, 2010 (options and intrinsic value in thousands):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value

Outstanding at January 1, 2010	9,052	$ 3.48		
Granted	3,548	7.86		
Exercised	(512)	2.69		
Forfeited	(203)	4.52		
Expired	(103)	3.25		
Outstanding at December 31, 2010	11,782	4.82	7.23	$ 43,313
Vested at December 31, 2010	7,559	$ 3.90	6.32	$ 35,657
Vested and expected to vest at December 31, 2010	11,650	$ 4.80	7.21	$ 43,136

The aggregate intrinsic value of options outstanding and options exercisable at December 31, 2010 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock, only for the options that had exercise prices that were lower than the $8.12 per share closing price of our common stock on December 31, 2010. The total intrinsic value of options exercised in the years

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Note 12. Stock Option and Employee Stock Purchase Plans (continued)

ended December 31, 2010, 2009 and 2008 was approximately $2,410,069, $2,380,059 and $1,124,090 respectively, as determined as of the date of exercise. We received approximately $1,384,000, $1,493,000 and $986,900 in cash from options exercised in the years ended December 31, 2010, 2009 and 2008, respectively.

Stock-Based Compensation

For the years ended December 31, 2010, 2009 and 2008, stock-based compensation expense related to stock options granted to employees was $8.1 million, $5.8 million and $3.4 million, respectively. Included in the 2009 expense was $0.9 million due to the accelerated vesting of stock options from the separation of our chief medical officer. As of December 31, 2010 and 2009, the fair value of unamortized compensation cost related to unvested stock option awards was $17.4 million and $7.1 million, respectively. Unamortized compensation cost as of December 31, 2010 is expected to be recognized over a remaining weighted-average vesting period of 2.1 years.

Reported stock-based compensation is classified, in the consolidated statements of operations, as follows (in thousands):

	Years Ended December 31,		
	2010	2009	2008
Research and development	$ 4,408	$ 2,983	$ 1,393
General and administrative	3,688	2,800	1,974
	$ 8,096	$ 5,783	$ 3,367

The weighted-average estimated fair value of employee stock options granted during the years ended December 31, 2010, 2009 and 2008 was $5.39, $2.48 and $1.38 per share, respectively, using the Black-Scholes model with the following assumptions:

	Years Ended December 31,		
	2010	2009	2008
Expected volatility	72.6% to 81.9%	76.1% to 78.7%	74.2% to 76.7%
Risk-free interest rate	1.8% to 2.8%	2.0% to 2.6%	2.4% to 3.3%
Dividend yield	0%	0%	0%
Expected term	5.3 to 6.1 years	5.3 to 6.1 years	5.3 to 6.1 years

Expected volatility is based on our historical volatility for 2010 and on our historical volatility and the historical volatilities of the common stock of comparable publicly traded companies for 2009 and 2008. The risk-free interest rate is based on the U.S. Treasury rates in effect at the time of grant for periods within the expected term of the award. Expected dividend yield is projected at zero, as we have not paid any dividends on our common stock since our

inception and we do not anticipate paying dividends on our common stock in the foreseeable future. The expected term of at-the-money options granted is derived from the average midpoint between vesting and the contractual term, as described in ASC Topic 718, *Share-Based Payment*. As stock-based compensation expense is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The pre-vesting forfeiture rates for the years ended December 31, 2010, 2009 and 2008 were based on historical forfeiture experience for similar levels of employees to whom the options were granted.

Employee Stock Purchase Plan

We also have an Employee Stock Purchase Plan (ESPP), which initially allowed for the issuance of up to 100,000 shares of our common stock, increasing annually on December 31 by the lesser of (i) 30,000 shares, (ii) 1% of the outstanding shares of our common stock on such date, or (iii) a lesser amount determined by our board of directors. We do not currently offer participation in the ESPP to any of our

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Note 12. Stock Option and Employee Stock Purchase Plans (continued)

employees. Under the terms of the ESPP, employees can elect to have up to 20% of their annual compensation withheld to purchase shares of our common stock. The purchase price of the common stock would be equal to 85% of the lower of the fair market value per share of our common stock on the commencement date of the applicable offering period or the purchase date. There were no shares purchased under the ESPP during 2010, 2009 or 2008, and at December 31, 2010, approximately 235,000 shares were available for future purchase under this plan.

Note 13. Financial Risk Management Objectives and Policies

Our principal financial instruments are comprised of short-term and long-term debt investments, capital leases and cash. We have various other financial instruments such as accounts receivable and accounts payable.

Foreign Currency Risk

We have transactional currency exposure. Such exposure arises from revenues generated in currencies other than our measurement currency. Approximately 1%, 6% and 5% of our revenue was denominated in U.S. dollars in 2010, 2009 and 2008, respectively. Although we have significant customers with the U.S. dollar as their functional currency, the majority of our transactions are contracted in, and a majority of our operations and expenses are denominated in, Euros (€). Rendered services contracted in U.S. dollars are exposed to movements in the U.S. $ to € exchange rates. Certain license fees and milestone payments are denominated in U.S. dollars. We have not engaged in foreign currency hedging transactions to manage this exchange rate exposure.

Concentration of Credit Risk

Financial instruments that potentially subject us to credit and liquidity risk consist primarily of cash, cash equivalents, short-term investments and accounts receivable.

It is our policy to place all of our cash equivalents and deposits with high-credit quality issuers. In the event of a default by the institution holding the cash, cash equivalents and restricted cash, we are exposed to credit risk to the extent of the amounts recorded on our consolidated balance sheets. We continually monitor the credit quality of the financial institutions which are counterparts to our financial instruments. Our accounts receivable are subject to credit risk as a result of customer concentrations. Customers comprising greater than 10% of total revenues presented as a percentage of total revenues are as follows:

	Year-Ended December 31,		
	2010	2009	2008

Bayer Schering Pharma	45 %	30 %	
sanofi-aventis	18 %	2 %	
Nycomed	19 %	36 %	57 %
MedImmune	5 %	10 %	25 %
Merck Serono	9 %	14 %	11 %

Note 14. Fair Value Measurements

We include disclosures about fair value measurements pursuant to ASC Topic 820. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Such transactions to sell an asset or transfer a liability are assumed to occur in the principal or most advantageous market for the asset or liability. Accordingly, fair value as described by ASC Topic 820 is determined based on a hypothetical transaction at the measurement date, considered from the perspective of a market participant.

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Note 14. Fair Value Measurements (continued)

ASC Topic 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The following table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2010 (in thousands):

Description	December 31, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 97,509	$ 97,509	$	$
Restricted cash	3,396	3,396		
Short-term investments:				
Foreign government bonds	48,403		48,403	
U.S. Government agencies	6,996		6,996	
Commercial paper	27,938		27,938	
U.S. corporate bonds	32,926		32,926	
Municipal bonds	7,195		7,195	
Long-term investments:				
U.S. corporate bonds	1,705		1,705	
Total assets	$ 226,068	$ 100,905	$ 125,163	$
Liabilities:				
Common stock warrant liability	$ (23,858)	$	$	$ (23,858)

The following table presents information about our common stock warrant liability, which was our only financial instrument measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC Topic 820 at December 31:

	2010	2009
Balance beginning of year	$ (20,244)	$ (12,294)
Transfers to (from) Level 3		
Total gains/(losses) realized/unrealized included in earnings	(3,614)	(7,950)
Purchases/issuances/settlements, net		
Balance end of year	$ (23,858)	$ (20,244)

The carrying value of the common stock warrant liability is calculated using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. The risk-free rate of interest is based on the U.S. Treasury rates appropriate for the expected term of the award. Expected dividend yield is projected at 0%, as we have not paid any dividends on our common stock since our inception and we do not anticipate paying dividends on our common stock in the foreseeable future. Expected volatility is based on our historical volatility and the historical volatilities of the common stock of comparable publicly traded companies. The expected term is determined based on the contractual period of the warrants.

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Note 15. Exclusive IP Marketing Agreement With Enzon

In 2002, we entered into an Exclusive IP Marketing Agreement with Enzon, under which we serve as the exclusive marketing partner for both parties consolidated portfolio of patents relating to single-chain antibody technology. Licensing revenues are shared equally with Enzon, as are associated marketing and legal costs.

The term of the Exclusive IP Marketing Agreement continues until expiration of the last valid claim in the consolidated patent portfolio. Either party may terminate the agreement upon determination by a court of competent jurisdiction that the other party has committed a material breach of the agreement. In addition, the Exclusive IP Marketing Agreement terminates automatically upon termination of a cross-license agreement between us and Enzon. Either party also has the right to terminate the agreement unilaterally.

We have entered into several license agreements with third parties under the Enzon IP Marketing Agreement, and we have received license fees and milestone payments under several of these agreements. We recognized $0.7 million, $1.3 million and $1.3 million in revenues related to these license agreements for the years ended December 31, 2010, 2009 and 2008, respectively.

Note 16. Research and Development Agreements

We have been party to the following significant research and development agreements related to our research and development strategy:

Bayer Schering Pharma

In January 2009, we entered into an option, collaboration and license agreement with Bayer Schering Pharma AG, or Bayer Schering Pharma, under which we granted Bayer Schering Pharma an exclusive option to obtain a license to one of our preclinical BiTE antibodies against an undisclosed oncology target. Under the terms of the agreement, Bayer Schering Pharma paid us an option fee of €4.5 million, or $6.1 million using the exchange rate as of the date of the agreement. In December 2009, Bayer Schering Pharma exercised its option and paid us an option exercise fee of €5 million, or $6.7 million using the exchange rate as of the date exercise. We have now initiated a collaboration on the development of the BiTE antibody through the completion of phase 1 clinical trials, at which point Bayer Schering Pharma will assume full control of the further development and commercialization of the BiTE antibody. In addition to the payment of the initial option fee and the option exercise fee, we will be eligible to receive total development and sales milestone payments of €285 million, or $384 million using the exchange rate as of the date of the agreement, of which $4.7 million has been paid to date, and up to double-digit royalties based on tiered net sales of the collaboration product. In addition, Bayer Schering Pharma will compensate us for our research and development expenses incurred in connection with the development program.

Either party may terminate the agreement for material breach by the other party. In addition, Bayer Schering Pharma can terminate the Agreement for any reason by 120 days prior written notice to us.

We recognized revenues of approximately $13.0 million and $6.3 million under this agreement during the years ended December 31, 2010 and 2009, respectively. Included in the 2010 revenues are milestone payments totaling $4.7 million.

Sanofi-aventis

In October 2009, we entered into a collaboration and license agreement under which we and sanofi-aventis collaborate on the development of a new BiTE antibody targeting solid tumors. Under the terms of the agreement, we are responsible for generating and developing the BiTE antibody through the completion of phase 1 clinical trials, at which point sanofi-aventis will assume full control of the development and commercialization of the product candidate on a worldwide basis. We received an upfront payment of €8 million, or $11.9 million using the exchange rate as of the date of the agreement, and are eligible to receive payments upon the achievement of development milestones of up to €162 million, or $241 million using the exchange rate as of the date of the agreement, and sales milestones of up to €150 million, or $223 million using the exchange rate as of the date of the agreement, and up to a low double-digit royalty on

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Note 16. Research and Development Agreements (continued)

worldwide net sales of the product. In addition, sanofi-aventis will bear the cost of development activities and will compensate us for our expenses incurred in connection with the development program. A portion of the upfront payment in the amount of €2.75 million, or $4.1 million using the exchange rate as of the date of the agreement, will be credited towards the compensation of FTEs allocated by us to the performance of the development program.

After the second anniversary of the execution of the agreement and at certain other specified time points, sanofi-aventis may terminate the agreement at will upon 90 days prior notice. In addition, sanofi-aventis may terminate the agreement at any time after the completion of the first phase 2 clinical trial upon 180 days prior notice. In addition, the agreement may be terminated by either party for material breach.

We recognized revenues of approximately $5.1 million and $0.4 million under this agreement during the years ended December 31, 2010 and 2009, respectively.

Boehringer Ingelheim

In May 2010, we entered into a collaboration and license agreement with Boehringer Ingelheim International GmbH, or BI, under which we will collaborate on the development and commercialization of a BiTE antibody for the treatment of multiple myeloma.

Under the terms of the agreement, we are responsible for the generation of the BiTE antibody, and the parties will collaborate on pre-clinical development activities. Boehringer Ingelheim is responsible for the manufacturing and the worldwide clinical development of the product. We will co-promote the product in the United States, and BI will be responsible for the commercialization of the product outside the United States. BI will bear all costs of the development and commercialization of the product, except that we will bear the costs related to our own pre-clinical activities up to a specified amount and the cost of our own U.S. sales force. We received an upfront cash payment of €5 million (approximately $6.6 million using the exchange rate on the date of the agreement) and are eligible to receive up to €50 million (approximately $66 million using the exchange rate on the date of the agreement) upon the achievement of specified development and regulatory milestones. If a BiTE antibody that is the subject of the collaboration is approved for marketing, we will be eligible to receive tiered low double-digit royalties on net sales of the product outside the United States, and for the rights and licenses granted under the Agreement and our additional co-promotion efforts, a sales participation payment in the United States increasing over a period of three years from a percentage of net sales in the mid-twenties to the low thirties, in each case subject to reduction upon the entry of material generic competition or, with respect to the United States only, the termination of our co-promotion obligations.

BI has the right to terminate the agreement with 90 days prior notice for any reason at any time prior to the first commercial sale of the BiTE antibody and for any reason with 180 days prior notice thereafter. We have the right to terminate the Agreement with 90 days prior notice at specified points in the development plan.

We recognized revenues of approximately $0.3 million under this agreement during the year ended December 31, 2010.

Merck Serono

In 2004, we entered into a collaboration agreement with Ares Trading S.A., a wholly-owned subsidiary of Merck Serono International S.A., or Merck Serono. Pursuant to the agreement, we granted Merck Serono a worldwide license under our relevant patents and know-how to develop, manufacture, commercialize and use adecatumumab for the prevention and treatment of any human disease. Merck Serono paid an initial license fee of $10.0 million and has made three milestone payments in the total amount of $12.0 million to date. Overall, the agreement provides for Merck Serono to pay up to $138.0 million in milestone payments (of

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Note 16. Research and Development Agreements (continued)

which the $12.0 million above has been paid to date) if adecatumumab is successfully developed and registered worldwide in at least three indications.

Under the terms of the agreement, we are responsible for conducting the phase 2 clinical trial of adecatumumab in patients with resected liver metastases from colorectal cancer, enrollment for which has been discontinued. Merck Serono paid the development expenses associated with the collaboration in accordance with the agreed-upon budget and a specified maximum. This maximum amount has been reached and Micromet is now responsible for further expenses associated with the wind-down of the phase 2 clinical trial. Upon completion of this clinical trial, we can exercise an option to co-develop adecatumumab in the United States or Europe. If we exercise our option, we will then share up to 50% of the development costs, as well as certain other expenses, depending on the territory for which we exercise our co-development option. The parties would co-promote and share the profits from sales of adecatumumab in the territories for which the parties shared the development costs. In the other territories, Merck Serono would pay royalties from high single digits to mid-teens on tiered net sales of adecatumumab.

Merck Serono may terminate the agreement following receipt by Merck Serono of the study reports for ongoing phase 2 clinical trial, and thereafter for convenience upon specified prior notice. Either party may terminate the agreement as a result of the material breach of the other. In the event of a termination of the agreement, all product rights will revert to us.

We recognized revenues of approximately $2.7 million, $2.9 million and $3.0 million associated with this license and collaboration agreement in the years ended December 31, 2010, 2009 and 2008, respectively.

Nycomed

In May 2007, we entered into a Collaboration and License Agreement with Nycomed A/S under which we and Nycomed will collaborate exclusively with each other on the development of MT203 and other antibodies that neutralize granulocyte macrophage colony-stimulating factor (GM-CSF) and that may be useful for the treatment of inflammatory and autoimmune diseases. Under the terms of the agreement, we received an upfront license fee of €5.0 million, or $6.7 million using the exchange rate as of the payment date, and we are eligible to receive research and development reimbursements and payments upon the achievement of development milestones of more than €120 million in the aggregate. To date, we have received $2.7 million of such milestone payments. We are also eligible to receive tiered royalties in the high single digit to mid-teen range on worldwide sales of MT203 and other products that may be developed under the agreement.

We were responsible for performing preclinical development and process development relating to MT203, and Nycomed is responsible for clinical development and commercialization of the product candidate on a worldwide basis. Nycomed will bear the cost of development activities and compensate us for our expenses incurred in connection with the development program. The term of the agreement expires upon the satisfaction of all payment

obligations of each party under the agreement. After completion of certain preclinical development steps, Nycomed may terminate the agreement at any time upon a specified prior notice period, and either party may terminate the agreement for material breach by the other party. In the event of termination, all product rights would revert back to us under the agreement.

We recognized revenues of approximately $5.4 million, $7.6 million and $15.5 million associated with this agreement in the years ended December 31, 2010, 2009 and 2008, respectively. Included in the 2009 and 2008 revenues are milestone payments of $1.9 million and $0.8 million, respectively.

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Note 16. Research and Development Agreements (continued)

MedImmune

Termination and License Agreement With MedImmune

We entered into a collaboration and license agreement with MedImmune in 2003 (the 2003 Agreement) to jointly develop blinatumomab. Under the terms of the 2003 Agreement, MedImmune had the right and the obligation to develop and commercialize blinatumomab in North America, while we retained all rights to blinatumomab outside of North America.

In March 2009, MedImmune elected to return its license rights to blinatumomab to Micromet. In November 2009, we entered into a termination and license agreement (the 2009 Agreement), under which we acquired MedImmune s remaining option right to commercialize blinatumomab in North America. The 2009 Agreement terminates the 2003 Agreement, and as a result, we now control the rights to develop and commercialize blinatumomab in all territories, as well as any other BiTE antibodies binding to antigens relevant for hematological cancers that had been licensed to MedImmune under the 2003 Agreement. We will not receive any further material payment under the 2003 Agreement.

Under the terms of the 2009 Agreement, MedImmune has sold to us the remaining inventory of blinatumomab clinical trial material and will transfer the manufacturing process for this product candidate to us or our contract manufacturer. In return, we made upfront payments of $6.5 million, of which the final payment of $2.5 million was paid in January 2011. In addition, MedImmune is eligible to receive an aggregate of $19 million from us based upon the achievement of specified strategic and regulatory milestone events relating to blinatumomab in North America. In addition, we will pay to MedImmune a low mid-single-digit royalty based on net sales of blinatumomab in North America. Either party may terminate the 2009 Agreement for material breach by the other party.

We did not record any revenues under this agreement during 2010 and recognized revenues of approximately $0.3 million and $4.4 million associated with the 2003 Agreement in the years ended December 31, 2009 and 2008, respectively.

BiTE Research Collaboration Agreement

In 2003, we entered in a BiTE Research Collaboration Agreement with MedImmune pursuant to which we have generated MT111, a BiTE antibody binding to carcinoembryonic antigen (CEA). MedImmune is obligated to make milestone payments of up to approximately $17 million in the aggregate upon the achievement of specified milestone events related to this BiTE antibody. In addition, MedImmune is obligated to pay to us up to high-single digit royalties on net sales of MT111, with the royalty rate dependent on achieving certain net sales levels in each year. Furthermore, we have retained the exclusive right to commercialize MT111 in Europe. Subject to an agreed upon budget, MedImmune is obligated to reimburse any development costs incurred by us for MT111 up to the completion of phase 1 clinical trials. Unless earlier terminated, the license and collaboration agreement has a term of 50 years or, if earlier,

until the expiration of all royalty and payment obligations due under the agreement for all product candidates covered by the collaboration. Either party may terminate the agreement for breach of a material obligation by the other. MedImmune also has the right to terminate the licenses granted by Micromet to MedImmune under the agreement in the entirety or in one or more countries by providing specified prior notice to Micromet.

We recognized revenues of approximately $1.3 million, $1.9 million and $2.5 million associated with this agreement in the years ended December 31, 2010, 2009 and 2008, respectively. Included in 2010 revenues is a milestone payment in the amount of $1.0 million.

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Note 16. Research and Development Agreements (continued)

TRACON

In 2007, we entered into an agreement with TRACON Pharmaceuticals, Inc., or TRACON, under which we granted TRACON an exclusive, worldwide license to develop and commercialize MT293. Under the agreement, TRACON also has an option to expand the license to include one specific additional antibody, and upon the exercise of the option, the financial and other terms applicable to MT293 would become applicable to such other antibody. Under the terms of the agreement, TRACON will be responsible for the development and commercialization of MT293 on a worldwide basis, as well as the costs and expenses associated with such activities. We transferred to TRACON certain materials, including the stock of MT293 clinical trial materials, stored at our contract manufacturer. TRACON paid us an upfront license fee of approximately $1.5 million and an additional $2.0 million for the delivery of the materials.

If MT293 is successfully developed and commercialized in three indications in three major markets, we would be entitled to receive total milestone payments, exclusive of royalties on net sales, of more than $100 million. In addition, TRACON is obligated to pay a mid-single digit royalty on worldwide net sales of MT293. TRACON also has an obligation to pay us a portion of sublicensing revenues, which portion decreases based on the time point in the development of MT293 when TRACON enters into the sublicense agreement. TRACON may terminate the agreement at any time upon a specified prior notice period, and either party may terminate the agreement for material breach by the other party. In the event of termination, all product rights would revert back to us under the agreement.

We recognized revenues of approximately $0.1 million, $0.2 million and $0.3 million associated with this agreement in the years ended December 31, 2010, 2009 and 2008, respectively.

Lonza

In November 2009, we entered into an agreement for the process development and manufacture of blinatumomab with Lonza AG, or Lonza, a custom manufacturer of antibodies and other biologics. Under the terms of the agreement, Lonza will establish the current manufacturing process for blinatumomab and develop the process to a scale sufficient for the manufacture of blinatumomab for commercial sale. In addition, Lonza will manufacture blinatumomab for our clinical trials. We have the option to engage Lonza for the manufacture of blinatumomab for commercial sale based on financial terms established in the agreement. The manufacturing process to be developed by Lonza can be transferred, under financial terms agreed in the agreement, to another contract manufacturer in order to either establish a second source for supply or in the event that we desire to transfer manufacturing to a third party. We made payments of approximately €2.4 million, or approximately $3.2 million, for the activities performed by Lonza during 2010.

Boehringer Ingelheim Pharma

We have also entered into an agreement with Boehringer Ingelheim Pharma GmbH & Co. KG, or BI Pharma, for the production of finished blinatumomab drug product from quantities of blinatumomab manufactured by Lonza. Under

the terms of the agreement, BI Pharma will develop a filling and finishing process for blinatumomab and will manufacture and supply the finished product for our clinical trials. We also have the option to engage BI Pharma for the manufacture of finished blinatumomab drug product for commercial sale. The process to be developed by BI Pharma can be transferred to another contract manufacturer in order to either establish a second source for supply or in the event that we desire to transfer finished product manufacturing to a third party.

Other Licensing and Research and Development Agreements

We also have licensing and research and development agreements with various universities, research organizations and other third parties under which we have received licenses to certain intellectual property, scientific know-how and technology. In consideration for the licenses received, we are required to pay license and research support fees, milestone payments upon the achievement of certain success-based objectives or

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Note 16. Research and Development Agreements (continued)

royalties on future sales of commercialized products, if any. We may also be required to pay minimum annual royalties and the costs associated with the prosecution and maintenance of the patents covering the licensed technology.

Note 17. Segment Disclosures

We operate in only one segment, which primarily focuses on the discovery and development of antibody-based drug candidates using proprietary technologies.

Revenues:

The geographic composition of revenues for each of the years ended December 31, 2010, 2009 and 2008 was as follows (in thousands):

	2010	2009	2008
Germany	$ 18,893	$ 13,992	$ 15,529
United States	1,462	2,703	8,042
France	5,051	439	
Switzerland	2,723	2,861	3,212
All others	615	1,046	503
	$ 28,744	$ 21,041	$ 27,286

Long-Lived Assets:

All long-lived assets are located in Germany, except for approximately $141,000 and $105,000 located in the U.S. as of December 31, 2010 and 2009, respectively.

Note 18. Legal Proceedings

In February 2010, we entered into a Settlement, Mutual Release and Termination Agreement, or Settlement Agreement, with Curis, Inc. to resolve a claim filed by Curis with the American Arbitration Association, relating to a June 2001 Agreement for the Purchase and Sale of Single-Chain Polypeptide Business, or SCA Agreement, between Curis and our wholly owned subsidiary Micromet AG under which Micromet AG acquired from Curis certain intellectual property assets relating to single chain antibodies, including patents and license agreements. Under the SCA Agreement, Micromet AG made an upfront payment in cash and issued equity and a debt instrument to Curis. In addition, under the terms of the SCA Agreement, Micromet AG had agreed to pay royalties on net sales of products covered by the assigned patents and on revenues received from licensing the assigned patents. Pursuant to the

Settlement Agreement, we made a final payment of $4.0 million in 2010 to Curis in order to settle the dispute and discharge and terminate all future payment obligations that could have arisen under the SCA Agreement. This amount was expensed during 2009, as the Settlement Agreement was deemed to be a recognized subsequent event.

Note 19. Quarterly Financial Data (Unaudited)

As further described in Note 20, the Company restated its consolidated financial statements for the years ended December 31, 2010 and 2009 to reflect the correction of errors related to foreign currency transactions. The following tables summarize the effects of the restatement by financial statement line item. The restatement also resulted in adjustments to reclassify some investments to cash equivalents at March 31, 2010 and 2009.

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Note 19. Quarterly Financial Data (Unaudited) (continued)

The following quarterly financial data, in the opinion of management, reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results for the periods presented (in thousands, except per share amounts):

Statement of Operations Data:	2010 First quarter as reported	First quarter as restated	Second quarter as reported	Second quarter as restated	Third quarter as reported	Third quarter as restated	Fourth quarter as reported	Fourth quarter as restated
Total revenues	$6,310	$6,310	$6,549	$6,549	$6,658	$6,658	$9,227	$9,227
Total operating expenses	17,423	17,423	17,401	17,401	16,118	16,118	19,865	19,865
Loss from operations	(11,113)	(11,113)	(10,852)	(10,852)	(9,460)	(9,460)	(10,638)	(10,638)
Net loss	(16,253)	(18,304)	(3,144)	(4,062)	(10,418)	(11,254)	(14,936)	(16,499)
Basic and diluted net loss per common share	(0.23)	(0.26)	(0.04)	(0.05)	(0.13)	(0.14)	(0.17)	(0.19)

Balance Sheet Data:	March 31, as reported	March 31, as restated	June 30, as reported	June 30, as restated	September 30, as reported	September 30, as restated	December 31, as reported	December 31, as restated
Cash and cash equivalents	$136,631	$140,667	$112,734	$112,734	$99,746	$99,746	$97,509	$97,509
Short-term investments	46,092	42,056	38,244	38,244	61,820	61,820	123,458	123,458
Accumulated other comprehensive income	5,689	6,122	3,558	4,909	7,080	9,267	4,819	8,569
Accumulated deficit	(272,104)	(272,537)	(275,248)	(276,599)	(285,666)	(287,853)	(300,602)	(304,352)

Cash Flow Data:	First quarter as reported	First quarter as restated	Second quarter as reported	Second quarter as restated	Third quarter as reported	Third quarter as restated	Fourth quarter as reported	Fourth quarter as restated
Net loss	$(16,253)	$(18,304)	$(3,144)	$(4,062)	$(10,418)	$(11,254)	$(14,936)	$(16,499)
Non-cash impact of foreign currency transactions		1,894		1,172		599	(1,276)	282

Net cash used in operating activities	(5,580)	(5,711)	(6,659)	(6,656)	(11,599)	(11,599)	(9,370)	(9,375)
Purchase of investments	(45,243)	(41,076)	(32,253)	(32,253)	(16,446)	(16,446)	(84,948)	(84,948)
Proceeds from redemption/sale of investments	2,032	2,032	17,260	13,222	14,569	14,569	22,597	22,597
Net cash used in investing activities	(43,707)	(39,540)	(15,602)	(19,639)	(3,225)	(3,255)	(63,661)	(63,661)
Effect of exchange rates on cash	(3,379)	(3,379)	(2,061)	(2,061)	1,888	1,888	(390)	(385)
Cash and cash equivalents at end of period	136,631	140,667	112,734	112,734	100,029	100,029	97,509	97,509

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Quarterly Financial Data (Unaudited) (continued)

Balance Sheet Data:	March 31, as reported	March 31, as restated	June 30, as reported	June 30, as restated	September 30, as reported	September 30, as restated	December 31, as reported	December 31, as restated
Cash and cash equivalents	$25,746	$27,857	$32,685	32,685	$100,029	$100,029	$113,434	$113,434
Short-term securities available-for-sale	19,377	17,266	16,528	16,528	14,360	14,360	4,169	4,169
Accumulated other comprehensive income	6,281	6,110	7,360	6,698	8,291	6,784	8,062	6,444
Accumulated deficit	(198,500)	(198,329)	(212,446)	(211,784)	(232,337)	(230,830)	(255,851)	(254,233)

Note 20. Restatement of Previously Issued Financial Statements

The accompanying 2010 and 2009 consolidated financial statements have been restated to correct errors related to foreign currency transactions in available-for-sale investments.

The errors understated the previously reported amount of net loss by $5.4 million for the year ended December 31, 2010, and overstated the previously reported net loss by $1.6 million for the year ended December 31, 2009. There is no cash impact from these errors. The errors increased accumulated other comprehensive income by $3.8 million as of December 31, 2010 and decreased accumulated other comprehensive income by $1.6 million as of December 31, 2009. The following tables also reflect certain changes within cash flow from operating and investing activities that result from the correction of foreign currency transactions of available-for-sale investments and the reclassification of certain investments from short term to cash equivalents.

The revisions relate to non-operating expense, non-cash items as of and for the years ended December 31, 2010 and 2009. The restatement does not change the Company s previously reported revenues, operating expenses, loss from operations, total assets, total liabilities, total stockholders equity, investments or cash and cash equivalents in its consolidated financial statements as of and for the years ended December 31, 2010 and 2009.

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MICROMET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Restatement of Previously Issued Financial Statements (continued)

The following tables set forth the effects of the restatement on affected line items within the Company s previously reported financial statements:

	December 31, 2010			December 31, 2009		
Consolidated Balance Sheets	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Accumulated other comprehensive income	$4,819	$3,750	$8,569	$8,062	$(1,618)	$6,444
Accumulated deficit	(300,602)	(3,750)	(304,352)	(255,851)	1,618	(254,233)

	Year Ended December 31, 2010			Year Ended December 31, 2009		
Consolidated Statements of Operations	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Other income (expense), net	$679	$(5,368)	$(4,689)	$(478)	$ 1,618	$1,140
Net loss	(44,751)	(5,368)	(50,119)	(57,682)	1,618	(56,064)
Basic and diluted net loss per common share	(0.56)	(0.07)	(0.63)	(0.98)	0.02	(0.96)
Consolidated Statements of Cash Flows						
Net loss	(44,751)	(5,368)	(50,119)	(57,682)	1,618	(56,064)
Realized gain on foreign currency transaction	(1,276)	5,223	3,947		(1,346)	(1,346)
Net cash used in operating activities	(33,208)	(133)	(33,341)	(8,858)	226	(8,632)
Purchase of investments	(178,890)	4,167	(174,723)	(27,975)	1,870	(26,105)
Proceeds from redemption/ sale of investments	56,458	(4,038)	52,420	26,042	(2,096)	23,946
Net cash used in investing activities	(126,224)	129	(126,095)	(3,108)	(226)	(3,304)