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# Sunesis Pharmaceuticals Reports First Quarter 2012 Financial Results and Highlights

## *Sunesis to Host Conference Call Today at 11AM Eastern Time*

**SOUTH SAN FRANCISCO, Calif., (May 15, 2012)** – Sunesis Pharmaceuticals, Inc. (NASDAQ: SNSS) today reported financial results for the quarter ended March 31, 2012. Net loss for the three months ended March 31, 2012 was $13.9 million, which included a non-cash expense of $4.9 million related to the revaluation of certain warrants. As of March 31, 2012, cash, cash equivalents and marketable securities totaled $34.9 million.

"Sunesis is highly focused on the successful execution of our Phase 3 VALOR trial in acute myeloid leukemia as we prepare for future regulatory and commercial milestones to realize vosaroxin's significant potential. We have now enrolled 317 patients and remain on track to conduct a pre-specified interim analysis in the third quarter," said Daniel Swisher, Chief Executive Officer of Sunesis. "The recently announced agreement with Royalty Pharma provides us access to additional capital and confirms the growing interest in VALOR's adaptive trial design and the market potential of vosaroxin."

### First Quarter 2012 and Recent Highlights

- ***Continued strong execution of VALOR trial.*** Enrollment and execution in the VALOR trial continues to be strong, with 317 patients enrolled as of yesterday, which remains on track for the conduct of the interim analysis in the third quarter of this year.

- ***Announced $25.0 million vosaroxin royalty agreement with Royalty Pharma*.** In March, Sunesis announced that Royalty Pharma agreed to pay Sunesis $25.0 million, under certain circumstances related to the successful development of vosaroxin, to acquire a royalty on future worldwide net sales of vosaroxin on terms and conditions previously disclosed.

- ***Granted U.S. patent covering vosaroxin compositions.*** In March, the U.S. Patent and Trademark Office granted Sunesis Patent No. US 8,138,202 B2 covering certain compositions related to vosaroxin, which provides patent exclusivity through mid-2030 in the United States. A family of corresponding patent applications is pending internationally.

- ***Received orphan drug designation by European Commission.*** In April, the European Commission granted orphan drug designation to vosaroxin for the treatment of acute myeloid leukemia (AML). The designation provides for 10 years of marketing exclusivity subsequent to product approval in Europe. Vosaroxin has previously received orphan drug and fast track designations from the U.S. Food and Drug Administration**.**

- ***MLN2480, pan-RAF inhibitor, featured in "New Drugs on the Horizon" at AACR 2012.*** In April, Millennium Pharmaceuticals, Inc. presented preclinical data on MLN2480 at the 2012 American Association of Cancer Research Annual Meeting in Chicago. The data suggest that MLN2480 has therapeutic anti-cancer activity in both B-Raf mutant and wild-type melanoma tumor models.

- ***Dosed first patient in Cardiff University sponsored Less Intensive 1 (LI-1) Trial.*** In March, patient dosing began in the Cardiff University sponsored Phase 2/3 randomized, controlled, multicenter LI-1 Trial, which is evaluating novel treatment regimens, including two regimens containing vosaroxin, against low dose cytarabine in elderly AML or high-risk myelodysplastic syndrome (MDS) patients who are not candidates for intensive chemotherapy.

- ***VALOR design poster presentation accepted for ASCO 2012.*** Sunesis will present the poster titled "VALOR, an adaptive design, pivotal phase III trial of vosaroxin or placebo in combination with cytarabine in first relapsed or refractory acute myeloid leukemia" at the 2012 American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago.

**Financial Highlights**

- Cash, cash equivalents and marketable securities totaled $34.9 million as of March 31, 2012, as compared to $44.1 million as of December 31, 2011.

- Total revenue was nil for the three months ended March 31, 2012, as compared to $4.0 million for the same period in 2011. Revenue in the 2011 period was due to an upfront payment of $4.0 million from Millennium Pharmaceuticals, Inc. as part of the assignment of licenses for two oncology programs to it in March 2011.

- Research and development expenses increased to $6.6 million for the three months ended March 31, 2012, as compared to $4.1 million for the same period in 2011. The increase in 2012 was primarily due to an increase in clinical and other expenses related to the VALOR trial.

- General and administrative expenses for the three months ended March 31, 2012 were $2.2 million, as compared to $2.0 million for the same period in 2011. The increase in 2012 was primarily due to higher non-cash stock-based compensation expenses.

- Other expense, net, was $4.8 million for the three months ended March 31, 2012, as compared to net other income of $3.9 million for the same period in 2011. Net other expense for the 2012 period was primarily comprised of a non-cash expense of $4.9 million for the revaluation of warrants issued in the underwritten offering completed in October 2010 to their fair value as of March 31, 2012.

- Sunesis reported a net loss of $13.9 million for the three months ended March 31, 2012, as compared to net income of $1.8 million for the same period in 2011.

**Conference Call Information**

Sunesis will host an update conference call today, May 15th at 11a.m. Eastern Time. The call can be accessed by dialing (866) 783-2143 (U.S. and Canada) or (857) 350-1602 (international), and entering passcode 91964294. To access the live audio webcast, or the subsequent archived recording, visit the "Investors and Media - Calendar of Events" section of the Sunesis website at www.sunesis.com. The webcast will be recorded and available for replay on the company's website for two weeks.

**About VALOR**

VALOR is a Phase 3, randomized, double-blind, placebo-controlled, pivotal trial in patients with first relapsed or refractory AML. The trial is expected to enroll 450 evaluable patients at more than 110 leading sites in the U.S., Canada, Europe, Australia and New Zealand. The VALOR trial is currently enrolling patients, who are randomized one to one to receive either vosaroxin on days one and four in combination with cytarabine daily for five days, or placebo in combination with cytarabine. Additionally, the VALOR trial employs an innovative, adaptive trial design that allows for a one-time sample size adjustment by the Data Safety Monitoring Board (DSMB) at the interim analysis to maintain adequate power across a broader range of survival outcomes. The trial's primary endpoint is overall survival. For more information on the VALOR trial, please visit www.valortrial.com.

**About Vosaroxin**

Vosaroxin is a first-in-class anti-cancer quinolone derivative (AQD), a class of compounds that has not been used previously for the treatment of cancer. Vosaroxin both intercalates DNA and inhibits topoisomerase II, resulting in replication-dependent, site-selective DNA damage, G2 arrest and apoptosis.

**About AML**

AML is a rapidly progressing cancer of the blood characterized by the uncontrolled proliferation of immature blast cells in the bone marrow. The American Cancer Society estimates there will be approximately 13,780 new cases of AML and 10,200 deaths from AML in the U.S. in 2012. Additionally, it is estimated that the prevalence of AML across major global markets (U.S., France, Germany, Italy, Spain, United Kingdom, and Japan) is over 50,000. AML is generally a disease of older adults, and the median age of a patient diagnosed with AML is about 67 years. AML patients with relapsed or refractory disease and newly diagnosed AML patients over 60 years of age with poor prognostic risk factors typically die within one year, resulting in an acute need for new treatment options for these patients.

**About Sunesis Pharmaceuticals**

Sunesis is a biopharmaceutical company focused on the development and commercialization of new oncology therapeutics for the treatment of solid and hematologic cancers. Sunesis has built a highly experienced cancer drug development organization committed to advancing its lead product candidate, vosaroxin, in multiple indications to improve the lives of people with cancer. For additional information on Sunesis, please visit http://www.sunesis.com.

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This press release contains forward-looking statements, including statements related to theoccurrence and timing of the DSMB interim analysis, the design, conduct, progress and results of the VALOR trial and other clinical trials, the sufficiency of Sunesis' intellectual property estate and the patent exclusivity period for vosaroxin in the United States and other jurisdictions, and vosaroxin's effects, efficacy, safety profile and commercial potential as a single agent and in combination with cytarabine. Words such as “will,” “on track”, “focused”, “suggests”, “estimates”, “provides,” “pending,” “expected” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Sunesis' current expectations. Forward-looking statements involve risks and uncertainties. Sunesis' actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to Sunesis' need for substantial additional funding to complete the development and commercialization of vosaroxin, risks related to Sunesis' ability to raise the capital that it believes to be accessible and is required to fully finance the development and commercialization of vosaroxin, the risk that raising funds through lending arrangements may restrict our operations or produce other adverse results, the risk that Sunesis' development activities for vosaroxin could be otherwise halted or significantly delayed for various reasons, the risk that Sunesis' clinical studies for vosaroxin may not demonstrate safety or efficacy or lead to regulatory approval, the risk that data to date and trends may not be predictive of future data or results, the risk that Sunesis' nonclinical studies and clinical studies may not satisfy the requirements of the FDA or other regulatory agencies, risks related to the conduct of Sunesis' clinical trials, risks related to the manufacturing of vosaroxin and supply of the active pharmaceutical ingredients required for the conduct of the VALOR trial, the risk of third party opposition to granted patents related to vosaroxin, and the risk that Sunesis' proprietary rights may not adequately protect vosaroxin. These and other risk factors are discussed under "Risk Factors" and elsewhere in Sunesis' Annual Report on Form 10-K for the year ended December 31, 2011 and Sunesis' other filings with the Securities and Exchange Commission, including Sunesis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, when available. Sunesis expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

**SUNESIS PHARMACEUTICALS, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands)**

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| **ASSETS** | **(Unaudited)** | **(Note 1)** |
| Current assets: | | |
| Cash and cash equivalents | $ 5,282 | $ 9,311 |
| Marketable securities | 29,594 | 34,804 |
| Prepaids and other current assets | 1,855 | 1,550 |
| Total current assets | 36,731 | 45,665 |
| Property and equipment, net | 66 | 74 |
| Deposits and other assets | 118 | 130 |
| Total assets | $ 36,915 | $ 45,869 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 869 | $ 658 |
| Accrued clinical expense | 2,564 | 2,370 |
| Accrued compensation | 580 | 1,274 |
| Other accrued liabilities | 1,513 | 1,805 |
| Current portion of notes payable | 50 | - |
| Warrant liability | 7,155 | 2,276 |
| Total current liabilities | 12,731 | 8,383 |
| Non-current portion of notes payable | 9,496 | 9,453 |
| Non-current portion of deferred rent | 3 | 13 |
| Commitments | | |
| Stockholders' equity: | | |
| Common stock | 5 | 5 |
| Additional paid-in capital | 429,742 | 429,142 |
| Accumulated other comprehensive income | 8 | 19 |
| Accumulated deficit | (415,070) | (401,146) |
| Total stockholders' equity | 14,685 | 28,020 |
| Total liabilities and stockholders' equity | $ 36,915 | $ 45,869 |

Note 1: The condensed consolidated balance sheet as of December 31, 2011 has been derived from the audited financial statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

**SUNESIS PHARMACEUTICALS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF**
**COMPREHENSIVE INCOME (LOSS)**
**(In thousands, except per share amounts)**

| | Three months ended March 31, | |
|---|---|---|
| | **2012** | **2011** |
| | **(Unaudited)** | |
| Revenue: | | |
| License and other revenue | $ - | $ 4,000 |
| Total revenues | - | 4,000 |
| Operating expenses: | | |
| Research and development | 6,646 | 4,070 |
| General and administrative | 2,189 | 2,014 |
| Total operating expenses | 8,835 | 6,084 |
| Loss from operations | (8,835) | (2,084) |
| Interest expense | (315) | - |
| Other income (expense), net | (4,774) | 3,924 |
| Net income (loss) | (13,924) | 1,840 |
| Unrealized gain (loss) on available-for-sale securities | (11) | 12 |
| Comprehensive income (loss) | $ (13,935) | $ 1,852 |
| Net income (loss) per common share: | | |
| Net income (loss) | (13,924) | 1,840 |
| Shares used in computing net income (loss) per common share: | | |
| Basic | 46,793 | 45,894 |
| Diluted | 46,793 | 47,866 |
| Net income (loss) per common share: | | |
| Basic | $ (0.30) | $ 0.04 |
| Diluted | $ (0.30) | $ 0.04 |