

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 31, 2003

VICAL INCORPORATED
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Jurisdiction of Incorporation)	000-21088 (Commission File Number)	93-0948554 (I.R.S. Employer Identification No.)
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10390 Pacific Center Court
San Diego, California
(Address of Principal Executive Offices)

92121-4340
(Zip Code)

Registrant's telephone number, including area code: (858) 646-1100

ITEM 9. REGULATION FD DISCLOSURE.

On July 31, 2003, Vical Incorporated issued a press release announcing its financial results for the quarter ended June 30, 2003. A copy of the press release is filed as Exhibit 99.1 to this Current Report.

The information contained in this Item 9 of this Current Report is being furnished pursuant to "Item 12. Results of Operations and Financial Condition" of Form 8-K in accordance with SEC Release Nos. 33-8216 and 34-47583.

The information in this Current Report, and the exhibit attached hereto, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VICAL INCORPORATED

Date: July 31, 2003

By: /s/ Martha J. Demski

Martha J. Demski
Vice President, Chief Financial Officer,
Treasurer and Secretary

Exhibit Index

Exhibit Number	Description
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99.1	Press Release issued by Vical Incorporated on July 31, 2003

Vical Announces Second-Quarter 2003 Financial Results

SAN DIEGO, July 31 /PRNewswire-FirstCall/ -- Vical Incorporated

(Nasdaq: VICL) today reported a net loss for the second quarter ended June 30, 2003, of \$6.9 million or \$0.34 per share, compared with \$5.0 million or \$0.25 per share for the second quarter of 2002. For the six months ended June 30, 2003, the net loss was \$13.9 million or \$0.69 per share, compared with \$10.2 million or \$0.51 per share for the first six months of 2002. The increases in net losses reflected the timing of revenue recognition for license payments and contract manufacturing. Investment income declined as a result of reductions in interest rates and lower average investment balances.

The reported net losses for the second quarter and first six months of 2003 were consistent with the company's projected net loss for the full year 2003 of between \$24 million and \$28 million. The company had cash, cash equivalents and marketable securities of \$98 million at June 30, 2003, compared with \$112 million at December 31, 2002.

Revenues for the second quarter of 2003 were \$0.6 million compared with revenues of \$2.4 million for the second quarter of the prior year. Revenues were \$1.5 million for the six months ended June 30, 2003, compared with revenues of \$4.0 million for the first six months of 2002.

Approximately \$2.5 million of revenues for the portion of contract manufacturing work which was completed in the first half of 2003 are expected to be recognized upon achievement of contract milestones in the second half of 2003. Revenues from a three-year, \$5.7 million grant from the National Institute of Allergy and Infectious Diseases, which will partially fund completed and planned development of Vical's anthrax vaccine, will begin to be recognized in the third quarter of 2003.

Vijay B. Samant, Vical's President and Chief Executive Officer, said, "Financial results for the second quarter reflected our focus on vaccine development and contract manufacturing. With revenues from our ongoing grant and contract manufacturing activities that will begin contributing to our bottom line in the second half of 2003, we remain on track to meet our forecast for the year. We are particularly pleased with the progress in our independent product development programs for anthrax and CMV (cytomegalovirus) vaccines and for high-dose Allovectin-7(R) cancer immunotherapy, and we will discuss these programs in our conference call today."

Allovectin-7(R)

Patient enrollment is now complete in the company's Phase II trial with high-dose Allovectin-7(R), reflecting strong interest by melanoma patients and physicians. Estimated median duration of response has increased to 6.4 months, with 7 of 12 responders still progression-free. The median duration of

response presented in May at the annual meeting of the American Society of Clinical Oncology was 3.5 months for the same 12 responders.

Contract Manufacturing

Contract manufacturing continues to be a significant part of Vical's business strategy, and the potential for this business has expanded in recent months through new agreements. Current programs being serviced from the company's existing manufacturing facility include:

- * Ebola DNA vaccines for the Vaccine Research Center (VRC) of the National Institutes of Health, under a contract awarded in July 2002; and
- * Clinical-grade supplies of an experimental DNA vaccine against the West Nile Virus for development planned by the VRC, under a contract awarded in July 2003.

In May 2003, Vical announced a contract to manufacture bulk DNA vaccines for the VRC, with guaranteed minimum annual production orders beginning in 2004, subject to annual extension of the agreement. In support of this contract, the VRC has agreed to finance the purchase of a 500-liter fermenter and related purification equipment in Vical's new manufacturing facility.

Conference Call

Vical will conduct a conference call to discuss the financial results with invited analysts and institutional investors today, July 31, at noon Eastern Time. The call is open on a listen-only basis to any interested parties.

To listen to the conference call, dial (888) 224-3260, or (973) 317-5317 for international participants. A replay of the call will be available for 48 hours beginning about two hours after the call. To listen to the replay, dial (800) 428-6051, or (973) 709-2089 for international participants, and enter conference identification number 301276. The call also will be available live and archived through the webcast center at www.vical.com. For further information, contact Vical's Investor Relations department by phone at (858) 646-1127 or by e-mail at info@vical.com.

About Vical

Vical researches and develops biopharmaceutical products based on our patented DNA delivery technologies for the prevention and treatment of serious or life-threatening diseases. Potential applications of our DNA delivery technology include DNA vaccines for infectious diseases or cancer, in which the expressed protein is an immunogen; cancer immunotherapeutics, in which the

expressed protein is an immune system stimulant; and cardiovascular therapies, in which the expressed protein is an angiogenic growth factor. We have retained all rights to our internally developed product candidates. In addition, we collaborate with major pharmaceutical companies and biotechnology companies that give us access to complementary technologies or greater resources. These strategic partnerships provide us with mutually beneficial opportunities to expand our product pipeline and serve significant unmet medical needs.

This press release contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements include statements about expected recognition of revenues in the second half of 2003, the company's projected financial performance, advancement of the company's research and development activities, expectations regarding the company's high dose Allovectin-7(R) Phase II trial and results of that trial, the company's infectious disease vaccine development efforts and plans for commencing clinical trials for these vaccine candidates, the potential revenues and other benefits of contract services agreements and grants, as well as potential applications of the company's technology and arrangements with collaborative partners. Risks and uncertainties that could adversely affect actual results include risks and uncertainties related to whether the company will achieve the levels of revenues and be able to control expenses to meet projected financial performance, whether the net loss in the first half of 2003 is indicative of the expected net loss for the remainder of 2003, whether results of the company's high-dose Allovectin-7(R) Phase II trial will demonstrate sufficient efficacy to support further development of that product candidate, whether survival data from that Phase II trial will be available when expected, whether the company's research and development activities will result in the advancement of anthrax and CMV vaccine candidates into clinical testing on schedule, whether the company's independent or partnered research and development efforts will lead to viable product candidates, the scope and enforceability of the company's intellectual property, whether any product candidates will be shown to be safe and efficacious in clinical trials, the timing of clinical trials, and additional risks set forth in the company's filings with the Securities and Exchange Commission. These forward-looking statements represent the company's judgment as of the date of this release. The company disclaims, however, any intent or obligation to update these forward-looking statements.

STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

(Unaudited)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2003	2002	2003	2002
Revenues:				
License/royalty revenue	\$512	\$2,079	\$1,008	\$3,112
Contract revenue	90	369	502	847
Total revenues	602	2,448	1,510	3,959
Expenses:				
Research and development	6,318	6,368	12,902	12,368
General and administrative	1,751	2,052	3,291	3,772
Write-down of investment	-	-	482	-
Total expenses	8,069	8,420	16,675	16,140
Loss from operations	(7,467)	(5,972)	(15,165)	(12,181)
Net investment income	545	953	1,218	1,938
Net loss	\$(6,922)	\$(5,019)	\$(13,947)	\$(10,243)
Net loss per share				
(basic and diluted)	\$(0.34)	\$(0.25)	\$(0.69)	\$(0.51)
Shares used in				
per share calculation	20,091,344	20,077,333	20,091,344	20,070,046

VICAL INCORPORATED

CONDENSED BALANCE SHEETS

(in thousands)

(Unaudited)

	June 30,	December 31,
	2003	2002
Assets:		
Cash and cash equivalents	\$13,386	\$32,609
Marketable securities	84,774	78,904
Other current assets	5,485	5,894

Total current assets	103,645	117,407
Investment	-	800
Property and equipment, net	11,814	4,943
Other assets	6,602	6,276
	\$122,061	\$129,426
Liabilities and Stockholders' Equity:		
Current liabilities	\$13,688	\$10,800
Long-term obligations	8,144	4,319
Stockholders' equity	100,229	114,307
	\$122,061	\$129,426

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