

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): August 6, 2003

NEKTAR THERAPEUTICS

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-23556
(Commission
File Number)

94-3134940
(IRS Employer
Identification No.)

150 Industrial Road
San Carlos, California 94070
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (650) 631-3100

Item 12. Results of Operations and Financial Condition

On August 6, 2003, Nektar Therapeutics issued a press release announcing results for the quarter ended June 30, 2003. A copy of the press release is attached as Exhibit 99.1 to this Current Report and is incorporated herein by reference.

The information in this report, including the exhibit hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the Securities and Exchange Commission made by Nektar Therapeutics, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirement 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.

Nektar Therapeutics (Registrant)

By: /s/ AJIT S. GILL

Ajit S. Gill
Chief Executive Officer,
President and Director

Date: August 6, 2003

By: /s/ AJAY BANSAL

Ajay Bansal
Chief Financial Officer, and Vice
President, Finance and
Administration

Date: August 6, 2003

EXHIBIT INDEX

Exhibit No. Description

99.1 Earnings Press Release of Nektar Therapeutics dated August 6, 2003.

Nektar Announces Second Quarter 2003 Results

SAN CARLOS, Calif.--(BUSINESS WIRE)--Aug. 6, 2003--Nektar Therapeutics (Nasdaq:NKTR), formerly Inhale Therapeutic Systems, Inc., announced today its financial results for the second quarter ended June 30, 2003.

The Company reported revenue of \$27.7 million for the three months ending June 30, 2003, including \$6.5 million of product revenue and \$21.2 million of contract research revenue compared to \$22.3 million for the three months ended June 30, 2002, including \$3.4 million of product revenue and \$18.8 million of contract research revenue. The increase in revenue is due primarily to expanded activities under existing collaborative agreements and higher sales of Nektar molecule engineering advanced PEGylation products.

The Company reported a net loss of \$13.0 million or \$(0.23) per share for the three months ending June 30, 2003, compared to a net loss in the same quarter in 2002 of \$24.8 million or \$(0.45) per share.

For the six months ending June 30, 2003, Nektar reported revenue of \$53.3 million, including \$13.7 million of product revenue and \$39.6 million of contract research revenue compared to \$49.0 million for the same period in 2002, including \$8.9 million of product revenue and \$40.1 million of contract research revenue.

For the six months ended June 30, 2003, Nektar reported a net loss of \$33.0 million or \$(0.59) per share compared to a net loss in the same period in 2002 of \$49.9 million or \$(0.90) per share.

Nektar's balance of cash, cash equivalents and short-term investments at the end of the quarter was \$308.3 million, including \$96.4 million raised in an offering of 3% convertible subordinated notes due June 2010, net of issuance costs, during the quarter. Approximately \$16.2 million of the proceeds from the sale of 3% convertible subordinated notes due 2010 were used to retire \$20.5 million of 3.5% convertible notes due 2007 in privately negotiated transactions. This resulted in a \$4.3 million gain, which was reflected as other income in the three and six months ended June 30, 2003. An additional \$8.8 million of the proceeds were used to purchase restricted investments pledged for the benefit of the holders of the 3% convertible subordinated notes purchased in the offering.

"In addition to improving our cash position through an offering of subordinated convertible notes, we were also particularly pleased with the steady advancement in the clinic of three partnered drug products using our technologies, the release of additional encouraging Exubera(R) (inhaled insulin) data, and new pre-clinical data from one of our internally initiated products, PEGylated inhaled insulin," said Ajit S. Gill, Nektar president and chief executive officer.

Summary of Activities

Partner Pipeline Progress

"Our pipeline continues to grow. There are now 21 products using Nektar technology approved or in human clinical testing," said Gill.

-- Nektar announced today that in the second quarter 2003, Unimed Pharmaceuticals, Inc., a wholly owned subsidiary of Solvay Pharmaceuticals, Inc., initiated a Phase I trial of a metered dose inhaler (MDI) version of dronabinol (synthetic delta-9-tetrahydrocannabinol). This product is being developed for use in multiple indications. Dronabinol is the active ingredient in Unimed Pharmaceuticals' product MARINOL(R) capsules, which are approved and marketed in the US. This is Nektar's first MDI development program.

-- Chiron Corporation announced on July 23, 2003 that they initiated a Phase I trial for inhaled tobramycin, the first application of Nektar inhaleable technology to inhaled antibiotics for treatment of lung infections. Inhaled Tobo(R) is a next-generation inhaled, powder tobramycin product for the treatment of Pseudomonas aeruginosa in cystic fibrosis patients. Prior to collaborating with Chiron, Nektar had previously conducted a proof-of-concept Phase I trial in healthy subjects of inhaled powdered tobramycin.

-- Celltech Group Plc announced progress with one of its products that uses Nektar PEGylation technology and services. CDP 860, a PEGylated antibody fragment drug in testing for cancer,

completed a small Phase II proof-of-concept study. According to Celltech, the effects observed in this study were consistent with the proposed mechanism of action and confirmed the potent biological activity of this molecule.

Exubera(R) (inhaled insulin) Progress

"Our collaborator, Pfizer, commented in June 2003 at its Analyst Day that the lung function data from long-term safety tests continues to look positive and expressed confidence that Exubera(R) (inhaled insulin) will become an important and widely used diabetes medication," continued Gill.

In addition, Nektar reported on new data released in June 2003 at the American Diabetes Association (ADA) annual conference from Phase III studies conducted by Pfizer and Aventis with Exubera(R). The data suggest that Exubera(R) may provide acceptable glycemic control to significantly more subjects than rosiglitazone in type 2 diabetes patients not optimally controlled on diet and exercise. Rosiglitazone is an oral hypoglycemic agent used to reduce the body's resistance to the action of insulin as a way of lowering blood glucose.

Proprietary Pipeline Progress

"In the first half of 2003, we also reported progress in our proprietary pipeline. As announced in April, an inhaled small molecule entered clinical testing in the first quarter. In the second quarter, we released pre-clinical data of PEGylated inhaled insulin, demonstrating that PEGylated proteins can be formulated into dry powders to provide prolonged activity," continued Gill.

In June, Nektar presented pre-clinical data at the ADA from PEGylated inhaled insulin developed to cross the lungs efficiently and provide prolonged serum levels of insulin activity.

About Nektar

Nektar Therapeutics provides industry-leading drug delivery technologies, expertise and manufacturing to enable the development of high-value, differentiated therapeutics. Nektar's advanced drug delivery capabilities are designed to enable the Company's biotechnology and pharmaceutical partners to solve drug development challenges and realize the full potential of their therapeutics, from developing new molecular entities to managing the lifecycles of established products.

This release contains forward-looking statements that reflect management's current views as to Nektar Therapeutics' business strategy, product and technology development plans and funding, collaborative arrangements, clinical trials, and other future events and operations. These forward-looking statements involve uncertainties and other risks that are detailed in Nektar Therapeutics' reports and other filings with the SEC, including its Annual Report on Form 10-K for the year ended Dec. 31, 2002, as amended and its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003. Actual results could differ materially from these forward-looking statements.

Ajit S. Gill, Nektar president and CEO, will host a conference call today for analysts and investors beginning at 2:00 p.m. Pacific Time to further discuss the company's financial results.

Investors can access a live audio-only Webcast through a link that will be posted on the Investor Relations site at Nektar's Web site at <http://www.nektar.com>. The Web broadcast of the conference call will be available for replay through Aug. 20, 2003.

Analysts and investors can also access the conference call live via telephone by dialing 866-868-1109 (US); 847-413-2404 (international). The passcode is Nektar and the leader is Ajit Gill. An audio replay will be available shortly following the call through Aug. 20, 2003 and can be accessed by dialing 877-213-9653 or 630-652-3041 with a passcode of 7466264.

-- Tables Attached --

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| June 30, 2003 | Dec. 31, 2002 |
|---------------|---------------|
| (unaudited) | * |
| ----- | ----- |

ASSETS

Current assets:

| | | |
|---|-----------|-----------|
| Cash, cash equivalents and short-term investments | \$308,271 | \$293,969 |
| Other current assets | 21,382 | 17,020 |
| | ----- | ----- |
| Total current assets | 329,653 | 310,989 |

| | | |
|-----------------------------|-----------|-----------|
| Restricted investments | 8,799 | - |
| Property and equipment, net | 143,439 | 143,452 |
| Goodwill | 130,120 | 130,120 |
| Other intangible assets | 13,216 | 15,470 |
| Deposits and other assets | 9,269 | 6,607 |
| | ----- | ----- |
| | \$634,496 | \$606,638 |
| | ===== | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current

liabilities:

| | | |
|--|----------|----------|
| Accounts payable and accrued liabilities | \$29,456 | \$40,617 |
| Capital lease obligations - current | 1,118 | 1,008 |
| Deferred revenue | 14,320 | 22,040 |
| | ----- | ----- |
| Total current liabilities | 44,894 | 63,665 |

| | | |
|--|---------|---------|
| Convertible subordinated debentures | 378,649 | 299,149 |
| Accrued rent | 2,071 | 2,033 |
| Capital lease obligations - noncurrent | 31,043 | 31,862 |
| Other long-term liabilities | 3,167 | 3,159 |

Stockholders' equity:

| | | |
|---|-----------|-----------|
| Preferred stock | 40,000 | 40,000 |
| Common stock | 715,796 | 714,686 |
| Deferred compensation | (71) | (239) |
| Accumulated other comprehensive gain/(loss) | 1,280 | 1,668 |
| Accumulated deficit | (582,333) | (549,345) |
| | ----- | ----- |

| | | |
|----------------------------|-----------|-----------|
| Total stockholders' equity | 174,672 | 206,770 |
| | ----- | ----- |
| | \$634,496 | \$606,638 |
| | ===== | ===== |

* The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

NEKTAR THERAPEUTICS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share information)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------|--------------------------------|----------|------------------------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| | ----- | | ----- | |
| | (unaudited) | | (unaudited) | |
| Revenue: | | | | |
| Contract research revenue | \$21,210 | \$18,828 | \$39,603 | \$40,129 |
| Product sales | 6,538 | 3,423 | 13,673 | 8,868 |
| | ----- | ----- | ----- | ----- |
| Total revenue | 27,748 | 22,251 | 53,276 | 48,997 |
| Operating costs and expenses: | | | | |
| Cost of goods sold | 3,708 | 1,673 | 8,330 | 3,563 |
| Research and development | 32,380 | 36,551 | 64,521 | 78,478 |
| General and | | | | |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| administrative | 5,136 | 5,575 | 10,314 | 10,956 |
| Amortization of other intangible assets | 1,127 | 1,127 | 2,254 | 2,254 |
| | ----- | ----- | ----- | ----- |
| Total operating costs and expenses | 42,351 | 44,926 | 85,419 | 95,251 |
| | ----- | ----- | ----- | ----- |
| Loss from operations | (14,603) | (22,675) | (32,143) | (46,254) |
| Other income/(expense), net | 4,452 | (599) | 4,571 | (687) |
| Interest income | 1,262 | 2,488 | 2,886 | 5,287 |
| Interest expense | (4,150) | (4,031) | (8,302) | (8,219) |
| | ----- | ----- | ----- | ----- |
| Net loss | \$ (13,039) | \$ (24,817) | \$ (32,988) | \$ (49,873) |
| | ===== | ===== | ===== | ===== |
| Basic and diluted net loss per common share | \$ (0.23) | \$ (0.45) | \$ (0.59) | \$ (0.90) |
| | ===== | ===== | ===== | ===== |
| Shares used in computing basic and diluted net loss per common share | 55,718 | 55,216 | 55,660 | 55,197 |
| | ===== | ===== | ===== | ===== |

CONTACT: Nektar Therapeutics
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