
**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): March 15, 2005

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

(a) Executive Officer Compensation Plan

On March 15, 2005, the Board of Directors of Nektar Therapeutics (the "Board") approved the 2005 Executive Compensation Plan (the "2005 Executive Plan"). The Company's executive officers are eligible to participate in the 2005 Executive Plan.

Each participant in the 2005 Executive Plan (an "Executive") has his or her total target cash compensation established by the Company's organization and compensation committee, with such total target cash compensation equal to such Executive's salary and a target bonus. Executives may earn their bonuses based on corporate performance goals as stated in the 2005 Executive Plan. Corporate performance goals are based upon four broad categories: building product pipeline; building a long term business; organizational capabilities and infrastructure; and financial performance.

Under the 2005 Executive Plan, the target bonus payment for the Company's named executive officers, as a percentage of such executive officer's total target cash compensation, are: Ajit S. Gill (33 1/3%), Robert B. Chess (33 1/3%), John Patton (30%), Ajay Bansal (25%), David Johnston (25%) and Nevan Elam (25%). The actual bonuses payable to the Chief Executive Officer and the other executive officers may range, at the discretion of the organization and compensation committee, from 0% to 150% of the target bonus percentage of total target cash compensation. The 2005 Executive Plan also provides that executive officers, including the Chief Executive Officer, would receive option grants in fiscal 2005, which grants shall vest monthly over five years commencing on the date of grant.

The above summary description of the 2005 Executive Plan is qualified in its entirety by reference to the 2005 Executive Plan attached hereto as Exhibit 10.1 and by this reference made a part hereof.

(b) Non-Employee Director Compensation Plan

On March 15, 2005, the Board approved the 2005 Compensation Plan for Non-Employee Directors (the "2005 Director Plan"). Only the Company's non-employee directors are eligible to participate in the 2005 Director Plan.

Each participant in the 2005 Director Plan is eligible to receive an annual retainer for their service on the Company's board, including compensation for each board meeting and committee meeting which each Director attend; reimbursements for customary expenses for attending board, committee and stockholder meetings; and the compensation for the chairperson of each committee. The 2005 Director Plan also sets forth the process by which each Director receives stock option grants under the Company's Stock Option Plans.

The above summary description of the 2005 Director Plan is qualified in its entirety by reference to the 2005 Director Plan attached hereto as Exhibit 10.2 and by this reference made a part hereof.

(c) Indemnification Agreements

On March 15, 2005, the Board approved a form of indemnification agreement to be entered into by the Company with its directors, officers, employees or agents. On March 15, 2005, the Company entered into separate indemnification agreements with the following persons: Robert B. Chess, Ajit S. Gill, Ajay Bansal, John S. Patton, David Johnston, Nevan C. Elam, Michael A. Brown, Christopher A. Kuebler, Irwin Lerner, Melvin Perelman, Susan Wang and Roy A. Whitfield. The Company's board of directors may from time to time authorize the Company to enter into additional indemnification agreements with future directors, officers, employees and agents.

In general, the indemnification agreements provide that the Company will indemnify each indemnitee to the fullest extent authorized or permitted by its bylaws and the Delaware General Corporation Law (the "DGCL"), and shall indemnify each indemnitee against all expenses, witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that the indemnitee is obligated to pay because of claims made against him or her in connection with a threatened, pending or completed action by reason of the fact that the indemnitee is or was a director, officer, employee or agent of the Company. In addition, the indemnification agreements provide for the advancement of expenses incurred by the indemnitee in connection with any proceeding covered by the agreement as permitted by applicable law, provided that such indemnitee shall repay such amounts if it is determined that such indemnitee is not entitled to indemnification under the agreement, the Company's bylaws, the DGCL or otherwise.

The above summary description of the indemnification agreements is qualified in its entirety by reference to the form of indemnification agreement attached hereto as Exhibit 10.3 and by this reference made a part hereof.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(b) Resignation of director

On March 15, 2005, Melvin Perelman announced his resignation from the Company's Board of Directors, in order to pursue other interests, which resignation became effective on March 21, 2005. Mr. Perelman shall serve as an advisor to the Company through December 31, 2006.

(d) Appointment of director

On March 15, 2005, the Company's Board of Directors authorized the appointment of Joseph J. Krivulka to serve as a member of the Board of Directors until the next annual meeting of shareholders and until his successor is elected and qualified. The Company's Board of Directors also authorized the appointment of Mr. Krivulka to the Audit Committee of the Board of Directors. Such appointments became effective on March 21, 2005. Mr. Krivulka will participate in the 2005 Director Plan and shall execute an indemnification agreement, as described in Item 1.01 of this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1:	2005 Executive Compensation Plan
10.2:	2005 Compensation Plan for Non-Employee Directors
10.3:	Form Indemnification Agreement

2005 EXECUTIVE COMPENSATION PLAN

On March 15, 2005, the Board of Directors of Nektar Therapeutics (the “Company”), approved the following guidelines for the 2005 Executive Compensation Plan (the “Plan”).

COMPENSATION PHILOSOPHY

The primary goals of the Plan are to help drive the attainment of key business objectives while enabling the Company to attract, retain and reward capable executives who can contribute to the Company’s continued success. Equity participation and a strong alignment to stockholders’ interests are key elements of the Company’s compensation philosophy. Four key goals form the basis for compensation decisions for all executives:

1. To attract and retain the most highly qualified management and employee team;
2. To emphasize sustained performance by aligning rewards with stockholder interests, especially through the use of equity participation programs;
3. To pay competitively compared to similar drug delivery and biopharmaceutical companies and to provide appropriate reward opportunities for achieving high levels of performance with regards to business objectives and to similar organizations in the marketplace; and
4. To motivate executives and employees to achieve the Company’s annual and long-term business goals.

To meet these goals, the Organization and Compensation Committee of the Board of Directors (the “Committee”) has adopted a mix of compensation elements, including salary, stock options and incentives (variable compensation program.).

BASE SALARY

The Committee recognizes the importance of maintaining compensation practices and levels of compensation competitive with drug delivery and biopharmaceutical companies in comparable stages of development. Base salary represents the fixed component of the Plan. The philosophy regarding base salaries is conservative, maintaining salaries approximately at the competitive industry median. Base salary levels are established based on an annual review of marketplace competitiveness and on the basis of individual performance. In this context base salaries for executives were increased for fiscal 2005 to a level consistent with the industry median.

BONUSES (VARIABLE COMPENSATION)

Bonus awards are another component of the Plan. Bonuses, if any, are linked to the achievement of specified corporate goals. Corporate performance goals on which 2005 bonuses are based center upon four broad categories:

1. building product pipeline;
2. building a long term business;
3. organizational capabilities and infrastructure; and
4. financial performance.

For executive officers, the target bonus is set at 20%, 25% or 30% of total target cash compensation (total target cash compensation is the executive's salary plus the target bonus as set forth by the organization and compensation committee), depending upon position levels. Actual bonuses paid may range from 0% to 150% of the target bonus percentage of total target cash compensation.

STOCK OPTIONS

The option plans offered by the Company have been established to provide all the executive officers with an opportunity to share, along with stockholders, in the Company's long-term performance. The Committee strongly believes that a goal of the Plan should be to provide key employees who have significant responsibility for driving the Company's success with an opportunity to increase their ownership and potentially gain financially from stock price increases. The interests of stockholders, executives and employees are thereby closely aligned. Executives and other employees receive stock options at time of hire and are further eligible to receive stock options annually based on performance. All grants must be exercised according to the provisions of the relevant stock option plans. All outstanding options currently expire ten years from the date of grant.

As the base salaries for the executive officers are in the mid-range for comparable companies, the Committee has used stock options as a primary incentive to attract and retain executive officers. Option amounts are based on an employee's level within the Company's salary structure and the individual's performance. After considering the criteria relating to awarding stock options, the Committee determined that all executive officers, including the Chief Executive Officer, would receive option grants in fiscal 2005. The options that have been and may be granted to executive officers in fiscal 2005 vest monthly over five years commencing upon the date of grant.

Section 162(m) of the Code limits deduction for federal income tax purposes of no more than \$1 million of compensation paid to certain Named Executive Officers in a taxable year. Compensation above \$1 million may be deducted if it is "performance-based compensation" within the meaning of the Code. The organization and compensation committee has determined that stock awards granted under the Equity Incentive Plan with an exercise price at least equal to the fair market value of the common stock on the date of grant shall be treated as performance-based compensation.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE CHAIRMAN COMPENSATION

The Committee recommends to the Board of Directors the appropriate compensation for the Chief Executive Officer and Executive Chairman analyzing the same factors and criteria upon which other comparable officers' compensation is based. The independent members of the Board of Directors ultimately determine the compensation of the Chief Executive Officer and Executive Chairman. Under the Plan, the total compensation mix for senior executives, including the Company's Chief Executive Officer and Executive Chairman, emphasizes longer-term rewards in the form of stock options.

Target bonuses for the Chief Executive Officer and Chairman are set at 33 ¹/₃% of total target cash compensation (total target cash compensation is the executive's salary plus the target bonus as set forth by the organization and compensation committee). Actual bonuses paid may range from 0% to 150% of the target bonus percentage of total target cash compensation.

2005 COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

On March 15, 2005, the Board of Directors of Nektar Therapeutics (the "Company"), Inc. approved the following compensation plan for each non-employee director of the Board (a "Director") in respect of his/her service on the Board:

- an annual retainer of \$15,000; plus \$1,000 per board meeting and \$500 per committee meeting, including telephonic meetings, which a Director attends;
- The chairman of the audit committee shall receive an additional \$5,000 per year, payable quarterly;
- If a Director is the chairman of any other committee, such Director shall receive an additional \$2,500 per year, payable quarterly;
- Each Director shall be reimbursed for customary expenses for attending Board of Director, committee and stockholder meetings;
- In September, 2005, each Director who serves on the Company's Board of Directors will automatically receive a grant of an option to purchase 12,500 shares of the Company's common stock; and
- Directors are also eligible for discretionary grants of options under the Company's 2000 Equity Incentive Plan.

Upon election or reelection, each Director shall be entitled to receive an option to purchase 30,000 shares of the Company's common stock under the Company's 2000 Equity Incentive Plan for each three-year term to which he or she is elected. A Director who begins with a one or a two-year term or who is appointed to the board mid-term is granted 10,000 and 20,000 shares of common stock, respectively.

Options granted to a Director upon their election or reelection shall vest monthly over the period of the term being served (in the event a Director resigns during the year, the options will then vest monthly based on such Director's actual service). Options granted to Directors are intended not to qualify as incentive stock options under the Internal Revenue Code. The exercise price of options granted to a Director shall be equal to 100% of the fair market value of the common stock subject to the option on the date of the option grant. The term of options granted to a Director is ten years. In the event of a merger with or into another corporation or a consolidation the vesting of each option may accelerate in full. The acceleration of an award in the event of an acquisition, corporate transaction or a change in control event may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain the Company's control.

NEKTAR THERAPEUTICS

INDEMNITY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 2005 by and between NEKTAR THERAPEUTICS, a Delaware corporation (the "Corporation"), and _____ ("Agent").

RECITALS

WHEREAS, Agent performs a valuable service to the Corporation as _____ of the Corporation;

WHEREAS, the stockholders of the Corporation have adopted bylaws (the "Bylaws") providing for the indemnification of the directors, officers, employees and other agents of the Corporation, including persons serving at the request of the Corporation in such capacities with other corporations or enterprises, as authorized by the Delaware General Corporation Law, as amended (the "Code");

WHEREAS, the Bylaws and the Code, by their non-exclusive nature, permit contracts between the Corporation and its agents, officers, employees and other agents with respect to indemnification of such persons; and

WHEREAS, in order to induce Agent to continue to serve as _____ of the Corporation, the Corporation has determined and agreed to enter into this Agreement with Agent;

NOW, THEREFORE, in consideration of Agent's continued service as _____ after the date hereof, the parties hereto agree as follows:

AGREEMENT

1. Services to the Corporation. Agent will serve, at the will of the Corporation or under separate contract, if any such contract exists, as _____ of the Corporation or as a director, officer or other fiduciary of an affiliate of the Corporation (including any employee benefit plan of the Corporation) faithfully and to the best of his ability so long as he is duly elected and qualified in accordance with the provisions of the Bylaws or other applicable charter documents of the Corporation or such affiliate; *provided, however*, that Agent may at any time and for any reason resign from such position (subject to any contractual obligation that Agent may have assumed apart from this Agreement) and that the Corporation or any affiliate shall have no obligation under this Agreement to continue Agent in any such position.

2. Indemnity of Agent. The Corporation hereby agrees to hold harmless and indemnify Agent to the fullest extent authorized or permitted by the provisions of the Bylaws and the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Bylaws or the Code permitted prior to adoption of such amendment).

3. Additional Indemnity. In addition to and not in limitation of the indemnification otherwise provided for herein, and subject only to the exclusions set forth in Section 4 hereof, the Corporation hereby further agrees to hold harmless and indemnify Agent:

(a) against any and all expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay because of any claim or claims made against or by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative (including an action by or in the right of the Corporation) to which Agent is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Agent is, was or at any time becomes a director, officer, employee or other agent of Corporation, or is or was serving or at any time serves at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(b) otherwise to the fullest extent as may be provided to Agent by the Corporation under the non-exclusivity provisions of the Code and the Bylaws.

4. Limitations on Additional Indemnity. No indemnity pursuant to Section 3 hereof shall be paid by the Corporation:

(a) on account of any claim against Agent solely for an accounting of profits made from the purchase or sale by Agent of securities of the Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law;

(b) on account of Agent's conduct that is established by a final judgment as knowingly fraudulent or deliberately dishonest or that constituted willful misconduct;

(c) on account of Agent's conduct that is established by a final judgment as constituting a breach of Agent's duty of loyalty to the Corporation or resulting in any personal profit or advantage to which Agent was not legally entitled;

(d) for which payment is actually made to Agent under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment under such insurance, clause, bylaw or agreement;

(e) if indemnification is not lawful (and, in this respect, both the Corporation and Agent have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication); or

(f) in connection with any proceeding (or part thereof) initiated by Agent, or any proceeding by Agent against the Corporation or its directors, officers, employees or other agents, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Corporation, (iii) such indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers vested in the Corporation under the Code, or (iv) the proceeding is initiated pursuant to Section 9 hereof.

5. Continuation of Indemnity. All agreements and obligations of the Corporation contained herein shall continue during the period Agent is a director, officer, employee or other agent of the Corporation (or is or was serving at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Agent shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Agent was serving in the capacity referred to herein.

6. Partial Indemnification. Agent shall be entitled under this Agreement to indemnification by the Corporation for a portion of the expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay in connection with any action, suit or proceeding referred to in Section 3 hereof even if not entitled hereunder to indemnification for the total amount thereof, and the Corporation shall indemnify Agent for the portion thereof to which Agent is entitled.

7. Notification and Defense of Claim. Not later than thirty (30) days after receipt by Agent of notice of the commencement of any action, suit or proceeding, Agent will, if a claim in respect thereof is to be made against the Corporation under this Agreement, notify the Corporation of the commencement thereof; but the omission so to notify the Corporation will not relieve it from any liability which it may have to Agent otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which Agent notifies the Corporation of the commencement thereof:

(a) the Corporation will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense thereof, with counsel reasonably satisfactory to Agent. After notice from the Corporation to Agent of its election to assume the defense thereof, the Corporation will not be liable to Agent under this Agreement for any legal or other expenses subsequently incurred by Agent in connection with the defense thereof except for reasonable costs of investigation or otherwise as provided below. Agent shall have the right to employ separate counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Agent unless (i) the employment of counsel by Agent has been authorized by the Corporation, (ii) Agent shall have reasonably concluded, and so notified the Corporation, that there is an actual conflict of interest between the Corporation and Agent in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Agent's separate counsel shall be at the expense of the Corporation. The Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Corporation or as to which Agent shall have made the conclusion provided for in clause (ii) above; and

(c) the Corporation shall not be liable to indemnify Agent under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent, which shall not be unreasonably withheld. The Corporation shall be permitted to settle any action except that it shall not settle any action or claim in any manner which would impose any penalty or limitation on Agent without Agent's written consent, which may be given or withheld in Agent's sole discretion.

8. Expenses. As permitted by applicable law, the Corporation shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by Agent in connection with such proceeding upon receipt of an undertaking by or on behalf of Agent to repay said amounts if it shall be determined ultimately that Agent is not entitled to be indemnified under the provisions of this Agreement, the Bylaws, the Code or otherwise.

9. Enforcement. Any right to indemnification or advances granted by this Agreement to Agent shall be enforceable by or on behalf of Agent in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Agent, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under Section 3 hereof (other than an action brought to enforce a claim for expenses pursuant to Section 8 hereof, *provided that* the required undertaking has been tendered to the Corporation) that Agent is not entitled to indemnification because of the limitations set forth in Section 4 hereof. Neither the failure of the Corporation (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Agent is proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors or its stockholders) that such indemnification is improper shall be a defense to the action or create a presumption that Agent is not entitled to indemnification under this Agreement or otherwise.

10. Subrogation. In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Agent, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

11. Non-Exclusivity of Rights. The rights conferred on Agent by this Agreement shall not be exclusive of any other right which Agent may have or hereafter acquire under any statute, provision of the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office.

12. Survival of Rights.

(a) The rights conferred on Agent by this Agreement shall continue after Agent has ceased to be a director, officer, employee or other agent of the Corporation or to serve at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and shall inure to the benefit of Agent's heirs, executors and administrators.

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

13. Separability. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. Furthermore, if this Agreement shall be invalidated in its entirety on any ground, then the Corporation shall nevertheless indemnify Agent to the fullest extent provided by the Bylaws, the Code or any other applicable law.

14. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

15. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

16. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

17. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

18. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery if delivered by hand to the party to whom such communication was directed or (ii) upon the third business day after the date on which such communication was mailed if mailed by certified or registered mail with postage prepaid:

(a) If to Agent, at the address indicated on the signature page hereof.

(b) If to the Corporation, to:

Nektar Therapeutics
150 Industrial Road
San Carlos, CA 94070-6256

or to such other address as may have been furnished to Agent by the Corporation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

NEKTAR THERAPEUTICS

Name (Print): _____

Signature: _____

Title: _____

AGENT

Name (Print): _____

Signature: _____

Title: _____

Address: _____
