

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): November 5, 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.)
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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 November 5, 2003, Nektar Therapeutics issued a press release announcing results for the quarter ended September 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 thereunto duly authorized.

By: /s/ AGIT S. GILL
Ajit S. Gill

Chief Executive Officer,
President and Director

Date: November 5, 2003

By: /s/ AJAY BANSAL
Ajay Bansal

Chief Financial Officer and Vice
President, Finance and
Administration

Date: November 5, 2003

EXHIBIT INDEX

Exhibit Description
No.

99.1 Earnings Press Release of Nektar Therapeutics dated November 5, 2003.

Nektar Announces Third Quarter 2003 Results

SAN CARLOS, Calif.--(BUSINESS WIRE)--Nov. 5, 2003--Nektar Therapeutics (Nasdaq:NKTR), formerly Inhale Therapeutic Systems, Inc., announced today its financial results for the third quarter ended September 30, 2003.

The Company reported revenues of \$27.4 million for the three months ended September 30, 2003, compared to \$23.2 million for the third quarter of 2002. In the third quarter of 2003, product revenues were \$7.7 million compared to \$4.4 million in 2002, and contract research revenues totaled \$19.6 million compared to \$18.8 million in 2002. The increase in revenue is due primarily to higher sales of Nektar advanced PEGylation products.

The Company reported a net loss of \$17.2 million or \$(0.31) per share for the three months ended September 30, 2003, compared to a net loss in the same quarter in 2002 of \$26.5 million or \$(0.48) per share.

For the nine months ended September 30, 2003, Nektar reported revenues of \$80.6 million compared to \$72.2 million in the same period in 2002. For the first nine months of 2003, Nektar reported product revenue of \$21.4 million compared to \$13.3 million for the same period in 2002, and contract research revenues were \$59.2 million for the first nine months of 2003 compared to \$58.9 million for the same period in 2002.

For the nine months ended September 30, 2003, Nektar reported a net loss of \$50.2 million or \$(0.90) per share compared to a net loss in the same period in 2002 of \$76.4 million or \$(1.38) per share.

Nektar's balance of cash, cash equivalents and short-term investments at the end of the quarter was \$304.2 million, including net proceeds of \$9.7 million from the exercise in July 2003 of an option granted to the initial purchasers of the company's 3% convertible subordinated notes due June 2010 originally issued in June 2003. This additional purchase increased the aggregate principal amount of 3% convertible subordinated notes due June 2010 to \$110 million.

In October 2003, in a limited number of privately negotiated transactions, certain holders of Nektar's outstanding 3.5% convertible subordinated notes due October 2007 exchanged and cancelled \$87.9 million in aggregate principal amount of the 3.5% notes, for the issuance of \$59.3 million in aggregate principal amount of newly issued 3% convertible subordinated notes due June 2010. This transaction will result in a gain on the reduction of debt in the fourth quarter. The newly issued notes are convertible into shares of the Company's Common Stock at an initial conversion price of \$11.35 per share. The newly issued notes are redeemable on terms consistent with the redemption provisions of the 3% convertible notes issued in June 2003. As with the 3% convertible notes issued in June 2003, restricted investments equal to initial six payments of interest have been purchased and pledged for the benefit of the holders of newly issued notes.

"We are pleased with the continued growth of our product revenues and are on target to achieve revenue growth of 5-10% in 2003. Further, with the recent convertible notes transactions in October, we are pleased with the improvement in our balance sheet," said Ajit Gill, Nektar president and CEO.

Summary of Activities

Partner Pipeline

During the quarter, Celltech Group Plc announced that CDP 791, a PEGylated antibody fragment drug that uses Nektar PEGylation technology and services, entered Phase I trials for cancer.

Nektar disclosed today that Nektar and Aventis Behring intend to terminate their collaboration to develop an inhaleable form of Alpha1 Proteinase Inhibitor for an inherited form of emphysema caused by alpha one antitrypsin deficiency. The product has completed a Phase 1B clinical trial in which all doses were well tolerated and dose related response was achieved. Nektar, who is expected to retain the rights, intends to seek another partner for further development of inhaleable Alpha1 Proteinase Inhibitor.

At the request of Chiron, Nektar and Chiron for strategic marketing reasons discontinued development of an inhaled pre-clinical compound, PA2794, announced in June 2002 as part of a multiple-product collaboration between the two companies. Nektar continues to collaborate with Chiron on inhaled powdered tobramycin, a next-generation inhaleable antibiotic product, that is in Phase I clinical trials.

Exubera(R) (inhaled insulin)

Advanced-stage clinical studies are continuing for Exubera(R) (inhaled insulin) for the treatment of diabetes developed by Nektar for Pfizer and their partner Aventis Pharma. The determination as to when or if to file a New Drug Application or equivalent European regulatory filing with respect to Exubera(R) will be made by Pfizer and their partner Aventis at their discretion.

Proprietary Pipeline

Phase I clinical trials for an inhaled small molecule are on-going. In addition, the Company has established a business unit and expanded clinical, regulatory and product identification expertise. With these expanded development capabilities, Nektar will significantly increase the number of products it takes through Phase I clinical testing and, in some cases, Phase II, before offering the products to Nektar's biopharmaceutical partners for commercialization. Nektar could have an additional 1-2 products in clinical trials as part of this program by the end of 2004.

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.

Conference Call

Ajit Gill, Nektar president and CEO, will host a conference call for analysts and investors beginning at 2:00 p.m. Pacific Time today 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 section at Nektar's Web site at <http://www.nektar.com>. The Web broadcast of the conference call will be available for replay through November 20, 2003.

Analysts and investors can also access the conference call live via telephone by dialing (866) 541-2081 (US); (630) 424-2081 (international). The passcode is Nektar and the leader is Mr. Ajit Gill. An audio replay will be available shortly following the call through November 20, 2003 and can be accessed by dialing (877) 213-9653 or (630) 652-3041 with a passcode of 7901996. In the event that any Non-GAAP financial measure is discussed on the conference call that is not described in this earnings release, related complimentary information will be made available on the Investor Relations page at our WEB site as soon as practicable after the conclusion of this conference call.

This release contains forward-looking statements that reflect management's current views as to Nektar's 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's reports and other filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2002, as amended and its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003. Actual results could differ materially from these forward-looking statements.

NEKTAR THERAPEUTICS CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

	September 30, 2003 (unaudited)	December 31, 2002 *
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 304,190	\$ 293,969
Other current assets	22,651	17,020
Total current assets	326,841	310,989
Restricted investments	9,707	-

Property and equipment, net	145,037	143,452
Goodwill	130,120	130,120
Other intangible assets	12,089	15,470
Deposits and other assets	9,131	6,607
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	\$ 632,925	\$ 606,638
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued liabilities	\$ 32,358	\$ 40,617
Capital lease obligations - current	1,175	1,008
Deferred revenue	15,269	22,040
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Total current liabilities	48,802	63,665
Convertible subordinated debentures	388,649	299,149
Accrued rent	2,091	2,033
Capital lease obligations - noncurrent	30,543	31,862
Other long-term liabilities	4,246	3,159
Stockholders' equity:		
Preferred stock	40,000	40,000
Common stock	717,182	714,686
Deferred compensation	(53)	(239)
Accumulated other comprehensive gain	1,004	1,668
Accumulated deficit	(599,539)	(549,345)
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Total stockholders' equity	158,594	206,770
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	\$ 632,925	\$ 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		Nine-Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
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	(unaudited)		(unaudited)	
Revenue:				
Contract research revenue	\$ 19,624	\$ 18,800	\$ 59,227	\$ 58,929
Product sales	7,733	4,418	21,406	13,286
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Total revenue	27,357	23,218	80,633	72,215
Operating costs and expenses:				
Cost of goods sold	3,541	1,940	11,871	5,503
Research and development	31,777	38,183	96,298	116,661
General and administrative	5,190	6,551	15,504	17,507
Amortization of other intangible assets	982	1,127	3,236	3,381
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Total operating costs and expenses	41,490	47,801	126,909	143,052
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Loss from operations	(14,133)	(24,583)	(46,276)	(70,837)
Other income/ (expense), net	457	(420)	5,028	(1,107)
Interest income	1,251	2,687	4,137	7,974
Interest expense	(4,781)	(4,205)	(13,083)	(12,424)
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Net loss	\$ (17,206)	\$ (26,521)	\$ (50,194)	\$ (76,394)
	=====	=====	=====	=====
Basic and diluted net loss per common share	\$ (0.31)	\$ (0.48)	\$ (0.90)	\$ (1.38)

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Shares used in computing
basic and diluted net loss
per common share

55,837	55,316	55,719	55,226
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CONTACT: Nektar Therapeutics
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