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**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 19, 2002**

**Inhale Therapeutic Systems, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**000-23556**  
(Commission File No.)

**94-3134940**  
(IRS Employer Identification No.)

**150 Industrial Road**  
**San Carlos, CA 94070**  
(Address of principal executive offices and zip code)

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

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**Item 5. Other Events**

On March 19, 2002, Inhale Therapeutic Systems, Inc. ("Inhale") and Alliance Pharmaceutical Corp. ("Alliance") announced that the two companies have expanded their agreement regarding the PulmoSphere<sup>®</sup> particle and particle processing technology, aspects of which Inhale initially acquired from Alliance in November, 1999.

Inhale's press release, dated March 19, 2002, titled "Inhale Therapeutic Systems, Inc. and Alliance Pharmaceutical Corp. Announce Supplemental Agreement for PulmoSphere<sup>®</sup> Technology" is attached hereto as Exhibit 99.1.

**Item 7. Financial Statements and Exhibits**

**(c) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release titled "Inhale Therapeutic Systems, Inc. and Alliance Pharmaceutical Corp. Announce Supplemental Agreement for PulmoSphere <sup>®</sup> Technology" dated March 19, 2002.

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.

**INHALE THERAPEUTIC SYSTEMS, INC.**

Dated: March 20, 2002

By: \_\_\_\_\_  
/s/ Brigid A. Makes  
Brigid A. Makes

Chief Financial Officer and Vice President (Principal Financial and  
Accounting Officer)

**Contacts:**

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 Joyce Strand, Inhale, (650) 631-3138

**Inhale Therapeutic Systems, Inc. and Alliance Pharmaceutical Corp.  
 Announce Supplemental Agreement for PulmoSphere® Technology**

**San Diego, CA, and San Carlos, CA, March 19, 2002** --- Alliance Pharmaceutical Corp. (Nasdaq:ALLP) and Inhale Therapeutic Systems, Inc. (Nasdaq:INHL) announced today that the two companies have expanded their agreement regarding the PulmoSphere® particle and particle processing technology, aspects of which Inhale initially acquired from Alliance in November, 1999. The PulmoSphere technology is a particle formation method designed to enhance the performance of drugs delivered via the lung in propellant-based metered-dose inhalers and dry powder inhalers. As a result of the supplemental agreement, Inhale has paid to Alliance \$5.25 million in exchange for rights beyond inhaleable applications and other considerations.

Under the terms of the supplemental agreement, Inhale has the right to use the PulmoSphere technology for alternative methods of delivery in addition to inhaleable applications. Further, Alliance assigned five new patent applications covering methods of producing microparticles to Inhale. Alliance retains the rights to use the technology on products to be instilled directly into the lung, and obtains the rights to commercialize up to four products administered with inhalers, two of which will be royalty-free. Inhale will pay Alliance future milestone or royalty payments on a reduced number of products developed by Inhale or its licensees utilizing the technology. Inhale has also purchased chemicals from Alliance in accordance with the 1999 agreement and obtained an option to purchase additional such material through September 2003. These chemicals are used in the production of the PulmoSphere technology, and this purchase will allow Inhale to accelerate its product development efforts.

“Inhale has been very pleased with the performance of the PulmoSphere technology for inhaled products. We have seen improved efficiency and reproducibility results in several clinical trials, including, inhaled tobramycin, a drug used in the treatment of cystic fibrosis; inhaled budesonide for the treatment of asthma; and inhaled leuprolide for the treatment of prostate cancer and endometriosis,” said Ajit Gill, President and CEO of Inhale. “The expanded use of the technology will enable us to offer the performance-enabling PulmoSphere to our partners for a variety of indications and for different delivery routes. Such expansion will further Inhale’s goal of being a broad drug delivery company.”

“The PulmoSphere technology was developed by Alliance as an outgrowth of our expertise with surface chemistry, perfluorochemicals, emulsions, and spray dry manufacturing processes,” said Duane J. Roth, Chairman and CEO of Alliance. “We are pleased that Alliance’s continued advancement of the technology has furthered our collaboration with Inhale. The supplemental agreement allows us to obtain immediate financing and to participate in Inhale’s success through

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potential future milestones and royalties. We also look forward to developing our own products using this promising technology.”

Alliance Pharmaceutical Corp. is developing therapeutic and diagnostic products based on its perfluorochemical and surfactant technologies. Alliance’s products are intended primarily for use during acute care situations, including surgical, cardiology, and respiratory applications. *Oxygent*™ (perflubron emulsion), an intravenous oxygen carrier, is being developed in the United States, Canada, and Europe in conjunction with Baxter Healthcare Corporation. *Imavist*™, an ultrasound contrast agent awaiting final FDA approval, is being developed jointly by Alliance and Schering AG, Germany, and will be marketed in the U.S. in partnership with Cardinal Health, Inc. Additional information about the Company is available on Alliance’s web site at [www.allp.com](http://www.allp.com).

Inhale Therapeutic Systems, Inc., provides a portfolio of leading performance-enabling drug delivery technologies and expertise to help pharmaceutical and biotechnology companies maximize the performance of their compounds. Inhale offers three leading drug delivery platforms: a suite of technologies for the inhaleable delivery of macromolecules and small molecules for systemic and local lung delivery; supercritical fluid powder particle engineering to easily control particle size for a variety of drug delivery applications; and PEGylation for enhanced delivery performance of most major drug classes. The company is collaborating with major pharmaceutical and biotechnology companies, including Amgen, AstraZeneca, Aventis Behring, Bristol-Myers Squibb, Chiron, Enzon, GlaxoSmithKline, Johnson & Johnson, Lilly, Pfizer, Pharmacia, Roche, Schering-Plough and Serono. Additional information about Inhale is available on the company’s web site at [www.inhale.com](http://www.inhale.com).

Except for historical information, the matters set forth in this release are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth herein, including the availability of funding for development, the uncertainties associated with the conduct of preclinical or clinical studies and the timing or ability to investigate scientific data. Alliance refers you to cautionary information contained in documents the Company files with the Securities and Exchange Commission from time to time, including the last Form 10-K and Form 10-Q, and those risk factors set forth in the most recent registration statement on Form S-3 (File No. 333-47032) and Form S-4 (File No. 333-49676). Alliance is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

This release contains forward-looking statements that reflect the current views of Inhale management as to future products, product development, and other future events and operations. These forward-looking statements involve uncertainties and other risks that are detailed in reports and other filings with the Securities and Exchange Commission, including Forms 10-K, as amended for 2000. These documents identify important factors that could cause the company’s actual performance to differ from current expectations, including the outcome of clinical trials, regulatory review, manufacturing capabilities and marketing effectiveness.

