February 28, 2007

## Nektar Announces Financial Results for the Year and Fourth Quarter 2006

SAN CARLOS, Calif., Feb 28, 2007 (BUSINESS WIRE) -- Nektar Therapeutics (Nasdaq:NKTR) today announced its financial results for the year and fourth quarter ended December 31, 2006, which are in line with the company's financial guidance for 2006.

For 2006, Nektar reported total revenue of $217.7 million, compared to $126.3 million in 2005. In 2006, product sales and royalty revenue was $153.6 million compared to $29.4 million in 2005; contract research revenue was $56.3 million compared to $81.6 for 2005. Revenue for 2006 related to Exubera(R) (insulin human (rDNA origin)) Inhalation Powder was $110.2 million.

As of December 31, 2006, Nektar had cash, cash equivalents, and short- and long-term investments of $467.0 million compared to $490.9 million as of September 30, 2006.

For 2006, Nektar reported a generally accepted accounting principles (GAAP) net loss of $154.8 million or $(1.72) per share compared to a GAAP net loss in 2005 of $185.1 million or $(2.15) per share. For 2006, Nektar reported a non-GAAP net loss of $92.3 million or $(1.03) per share compared to a non-GAAP net loss for 2005 of $111.9 million or $(1.30) per share. The non-GAAP net loss for 2006 excludes $17.3 million of SFAS 123R stock-based compensation charges, a $17.7 million charge for a litigation settlement with the University of Alabama Huntsville, a $5.5 million for impairment of long lived assets, and $21.9 million in severance and restructuring charges. The non-GAAP net loss for 2005 excludes the charge of $65.3 million for non-cash impairment of goodwill and write-off of certain fixed assets related to Nektar's United Kingdom subsidiary and $7.9 million for purchased in-process research and development expense associated with the acquisition of Aerogen, Inc. See the supplemental table attached to this press release entitled "Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures."

"Over the years, Nektar has built a strong diversified business with a rich pipeline of partner and proprietary products developed from leading-edge pulmonary and PEGylation technology," said Howard W. Robin, president and chief executive officer. "I am convinced that tremendous additional shareholder value can be created by leveraging these innovative technology platforms into a strong and differentiated product pipeline for Nektar. In addition, we are excited about the positive response of patients on Exubera, the most important innovation in insulin delivery in the last 80 years. We are confident in the potential of Exubera, and are working closely with Pfizer to make this product a success."

For the three months ended December 31, 2006, Nektar reported total revenue of $69.9 million compared to $32.9 million in the same period in 2005. For the three months ended December 31, 2006, product sales and royalty revenue was $55.6 million compared to $9.1 million in the same period in 2005. Contract research revenue was $12.1 million compared to $18.9 million in the same period in 2005. For the three months ended December 31, 2006, Exubera product sales and royalty revenue was $39.8 million.

The company's GAAP net loss was $38.9 million or $(0.43) per share for the three months ended December 31, 2006, compared to a GAAP net loss of $108.1 million or $(1.23) per share in the same period 2005. The company's non-GAAP net loss was $29.0 million or $(0.32) per share for the three months ended December 31, 2006 compared to a non-GAAP net loss of $34.9 million or $(0.40) per share in the three months ended December 31, 2005. The non-GAAP net loss for the three months ended December 31, 2006 excludes $4.0 million of SFAS 123R stock-based compensation charges and $5.5 million for impairment of long lived assets. The non-GAAP net loss for the three months ended December 31, 2005 excludes the charge of $65.3 million for non-cash impairment of goodwill and the write-off of certain fixed assets related to Nektar's United Kingdom subsidiary and $7.9 million for purchased in-process research and development expense associated with the acquisition of Aerogen, Inc. See the supplemental table attached to this press release entitled, "Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures."

Financial Outlook for 2007

Today Nektar is reiterating its full year 2007 financial performance estimates, provided on November 2, 2006. The company's financial guidance for 2007 is as follows:

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-- Total revenue in the range of $210 to $250 million, including
    Exubera product and royalty revenue of $110 to $130 million, with
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most of the estimated Exubera revenue based on estimated manufacturing sales of Exubera to Pfizer;

-- GAAP net loss of $110 to $130 million;

-- Non-GAAP net loss of $75 to $95 million. The non-GAAP net loss estimated range excludes approximately $25 million of estimated SFAS 123R stock-based compensation charges and $10 million Aerogen restructuring costs. See the supplemental table attached to this press release entitled "Reconciliation of Non-GAAP Projected Financial Guidance for 2007."

Highlights of the Past Year

-- New President and CEO Howard W. Robin joined Nektar on January 15, 2007, bringing more than 25 years of successful biopharmaceutical experience managing clinical development and commercial operations.

-- Exubera was approved in the U.S., EU, Mexico, and Brazil with launches in the U.S., U.K., Germany, and Ireland. Pfizer commenced a phased launch in the U.S. focusing on the education of endocrinologists and most recently primary care physicians, diabetes educators, and pharmacists.

-- Nektar made advances in its proprietary product development programs, where the company is applying its pulmonary and PEGylation platform technology to develop new and improved medicines from existing molecules. Progress included:

  -- Phase 2 trials were conducted for the inhaled antibiotics (amikacin) product candidate;

  -- The Amphotericin B Inhalation Powder (ABIP) product candidate was granted orphan drug designation in the U.S. and EU; and fast-track designation in the U.S.; and

  -- A human proof-of-concept trial was completed for a pain-related product candidate under development with the company's PEGylation technology.

-- Product candidates were also advanced in the company's partner pipeline, where leading pharmaceutical and biotechnology companies have created unique products using Nektar pulmonary or PEGylation technology. Progress included:

  -- UCB's Cimzia for Crohn's disease was filed for regulatory approval in the U.S. and EU;

  -- Affymax, Inc., initiated and completed a Phase 2 clinical trial of Hematide(TM) to treat anemia in cancer patients; and

  -- Zelos Therapeutics' inhaled parathyroid hormone-analogue for osteoporosis entered Phase 1 trials.

About Nektar Pulmonary Technology

The company's Pulmonary Technology uses innovative molecular formulations and novel inhalers designed for ease-of-use to improve or enable administration of medicines to and through the lungs for both lung diseases and systemic conditions. Nektar has two proprietary pulmonary anti-infective products currently in clinical development and four additional pulmonary products

in the clinic with various partners. Exubera, which has been approved in the U.S., EU, Brazil and Mexico, is the first approved product using Nektar Pulmonary Technology and is the result of a developmental collaboration between Pfizer Inc and Nektar.

About Nektar PEGylation Technology

The company's PEGylation Technology has the potential to minimize the invasiveness and improve the safety and efficacy of therapeutic agents by increasing drug circulation time in the bloodstream, decreasing immunogenicity and dosing frequency, increasing bioavailability and improving drug solubility and stability. It is based on the use of non-toxic polyethylene glycol (PEG) polymers, which can be attached to most major drug classes, including proteins, peptides, antibody fragments, small molecules, and other drugs and is used in eight approved products in the U.S. and/or Europe today. Two other products using Nektar PEGylation have been filed for approval by Nektar partners in both the U.S. and the EU, including UCB's Cimzia(TM) for Crohn's Disease.

Conference Call Information

Mr. Howard W. Robin, president and chief executive officer, will host a conference call today for analysts and investors beginning at 2:00 p.m. Pacific Time, to discuss further the company's performance.

Investors can access a live audio-only webcast through a link that is posted on the Investor Relations section of Nektar's website at http://www.nektar.com. The web broadcast of the conference call will be available for replay through March 14, 2007.

Analysts and investors can also access the conference call live via telephone by dialing 800-640-9765 (U.S.); 1-847-413-4837 (international). The passcode is 17025300 and the host is Mr. Howard Robin. An audio replay will be available shortly following the call through March 14, 2007 and can be accessed by dialing 877-213-9653 (U.S.); or 1-630-652-3041 (international) with a passcode of 17025300. In the event that any non-GAAP financial measure is discussed on the conference call that is not described in the press release, related information will be made available on the Investor Relations page at the Nektar website as soon as practical after the conclusion of the conference call.

About Nektar

Nektar Therapeutics is a biopharmaceutical company with a mission to develop and enable differentiated therapeutics with its industry-leading technologies, expertise and manufacturing capabilities. Nektar technology and know-how have enabled nine approved products for partners, which include the world's leading pharmaceutical and biotechnology companies. Nektar is also developing its own products by applying its technologies and expertise to existing medicines with the objective to enhance performance, such as improving efficacy, safety and compliance.

Non-GAAP Financial Measures

The company provides all information required in accordance with GAAP, but it believes that evaluating its ongoing results of operations may be difficult to understand if limited to reviewing only GAAP financial results. In managing the company's business, management reviews non-GAAP net loss and non-GAAP net loss per common share which excludes, as applicable, SFAS 123R stock-based compensation charges, litigation charges, impairment of long-lived assets, and severance and restructuring charges to evaluate the company's ongoing and future financial and operating results.

Management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, GAAP financial measures. The company considers and presents such non-GAAP financial measures in measuring, reporting, and forecasting its financial results to provide management and investors with an additional tool to evaluate the company's operating results in a manner that focuses on what management believes to be the company's ongoing business operations. Management believes that the inclusion of non-GAAP financial measures provides consistency and comparability with past reports of financial results and future projections of revenue and net loss financial measures. Investors should note, however, that the non-GAAP financial measures used by the company may not be the same non-GAAP financial measures as, and may not be calculated in the same manner as that of other companies with which investors may compare the financial results of the company. Management believes it is useful for the company and investors to review both GAAP information that includes the expenses and charges mentioned above and the non-GAAP financial measures that exclude such special expenses and charges to have a better understanding of the overall performance of the company's business, its allocation of resources and its ability to perform in the future. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

This press release contains forward-looking statements that reflect the company's current views and expectations as to the Exubera product potential, the value of the company's technology platforms, prospects for the company's business, and financial estimates for the 2007 calendar year. These forward-looking statements involve risks and uncertainties, including but not limited to: (i) the commercial launch of Exubera is in the early stages and it is difficult to predict future Exubera sales which

will depend upon, among other factors, specialist and physician education, patient experiences, third party payor reimbursement, and the impact of competition from alternative diabetes therapies (ii) the company's and Pfizer's ability to manufacture and supply sufficient quantities of Exubera product to meet patient demand (iii) the discovery of any new or more severe side effects or negative efficacy findings for Exubera or any product liability claims related thereto (iv) investment in the company's proprietary product development programs may adversely impact results of operations and financial condition (v) Nektar's success or the success of Nektar's partners in obtaining regulatory approvals for product candidates, (vi) a material negative impact on results of operations for future periods as a result of the application of SFAS 123R related to expensing of stock-based compensation, and (vii) the outcome of any existing or future intellectual property or other litigation related to our partner or proprietary products and product candidates. Other important risks and uncertainties are detailed in the company's reports and other filings with the SEC, including its most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, and Current Reports on Form 8-K. Actual results could differ materially from the forward-looking statements contained in this press release. The company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

Exubera is a registered trademark of Pfizer Inc.

NEKTAR THERAPEUTICS
CONSOLIDATED BALANCE SHEETS
(In thousands)

| | December 31, 2006 (unaudited) | December 31, 2005 (1) |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $63,760 | $261,273 |
| Short-term investments | 394,880 | 214,928 |
| Accounts receivable, net of allowance | 47,148 | 12,494 |
| Inventory | 14,656 | 18,627 |
| Other current assets | 14,595 | 12,521 |
| Total current assets | 535,039 | 519,843 |
| Long-term investments | 8,337 | 90,222 |
| Property and equipment, net | 133,812 | 142,127 |
| Goodwill | 78,431 | 78,431 |
| Other intangible assets, net | 3,626 | 13,452 |
| Other assets | 8,932 | 14,479 |
| | $768,177 | $858,554 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $8,160 | $16,131 |
| Accrued compensation | 12,994 | 10,385 |
| Accrued expenses | 16,987 | 12,439 |
| Interest payable | 3,814 | 3,791 |
| Capital lease obligations, current portion | 711 | 536 |
| Deferred revenue, current portion | 16,409 | 15,487 |
| Convertible subordinated notes, current portion | 102,653 | - |
| Other current liabilities | 3,586 | 10,826 |
| Total current liabilities | 165,314 | 69,595 |

| | | |
|---|---|---|
| Convertible subordinated notes | 315,000 | 417,653 |
| Capital lease obligations | 19,759 | 20,470 |
| Deferred revenue | 23,697 | 8,374 |
| Other long-term liabilities | 17,347 | 15,651 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock | - | - |
| Common stock | 9 | 9 |
| Capital in excess of par value | 1,283,982 | 1,233,690 |
| Deferred compensation | - | (2,949) |
| Accumulated other comprehensive income (loss) | 62 | (1,707) |
| Accumulated deficit | (1,056,993) | (902,232) |
| Total stockholders' equity | 227,060 | 326,811 |
| | $768,177 | $858,554 |

(1) The consolidated balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. Certain 2005 amounts have been reclassified between line items to conform with the 2006 presentation.

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

| | Unaudited | | Unaudited | |
|---|---|---|---|---|
| | Three-Months Ended December 31, | | Twelve-Months Ended December 31, | |
| | 2006 | 2005 | 2006 | 2005 |
| Revenue: | | | | |
| Product sales and royalties | $55,551 | $9,053 | $153,556 | $29,366 |
| Contract research | 12,053 | 18,865 | 56,303 | 81,602 |
| Exubera commercialization readiness | 2,300 | 4,963 | 7,859 | 15,311 |
| Total revenue | 69,904 | 32,881 | 217,718 | 126,279 |
| Operating costs and expenses: | | | | |
| Cost of goods sold | 40,100 | 6,915 | 113,921 | 23,728 |
| Exubera commercialization readiness costs | 1,042 | 4,233 | 4,168 | 12,268 |
| Research and development | 42,521 | 42,338 | 149,381 | 151,659 |
| General and administrative | 17,441 | 13,659 | 78,319 | 43,852 |
| Litigation settlement | - | - | 17,710 | - |

| | | | | |
|---|---|---|---|---|
| Amortization of intangible assets | 708 | 1,261 | 4,039 | 4,206 |
| Impairment of long lived assets | 8,254 | 65,340 | 9,410 | 65,340 |
| Purchased in-process R&D | - | 7,859 | - | 7,859 |
| Total operating costs and expenses | 110,066 | 141,605 | 376,948 | 308,912 |
| Loss from operations | (40,162) | (108,724) | (159,230) | (182,633) |
| Interest income | 6,134 | 5,339 | 23,450 | 13,022 |
| Interest expense | (4,921) | (5,177) | (20,256) | (14,085) |
| Other income (expense), net | 922 | 323 | 2,103 | (1,249) |
| Loss on extinguishment of debt | - | - | - | (303) |
| Loss before benefit for income taxes | (38,027) | (108,239) | (153,933) | (185,248) |
| Benefit for income taxes | (828) | 137 | (828) | 137 |
| Net loss | $(38,855) | $(108,102) | $(154,761) | $(185,111) |
| Basic and diluted net loss per share | $(0.43) | $(1.23) | $(1.72) | $(2.15) |
| Weighted average shares used in computing basic and diluted net loss per share | 90,499 | 87,648 | 89,789 | 85,915 |

The consolidated statement of operations at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. Certain 2005 amounts have been reclassified between line items to conform with the 2006 presentation.

NEKTAR THERAPEUTICS

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

( In thousands, except per share information)

| | Unaudited | | Unaudited | |
|---|---|---|---|---|
| | Three-Months Ended December 31, | | Twelve-Months Ended December 31, | |
| | 2006 | 2005 | 2006 | 2005 |
| GAAP net loss | $(38,855) | $(108,102) | $(154,761) | $(185,111) |

| | | | | |
|---|---|---|---|---|
| Adjustments to GAAP net loss: | | | | |
| SFAS 123R stock-based compensation expense, excluding severance | 4,028 | - | 17,318 | - |
| Litigation settlement | - | - | 17,710 | - |
| Impairment of long lived asset (1) | 5,497 | 65,340 | 5,497 | 65,340 |
| Purchased in-process R&D | | 7,859 | | 7,859 |
| Severance and restructuring charges | 311 | - | 21,896 | - |
| Non-GAAP net loss (2) | $(29,019) | $(34,903) | $(92,340) | $(111,912) |
| GAAP basic and diluted net loss per common share | $(0.43) | $(1.23) | $(1.72) | $(2.15) |
| Adjustments to GAAP basic and diluted net loss per common share: | | | | |
| SFAS 123R stock-based compensation expense, excluding severance | 0.05 | - | 0.19 | - |
| Litigation settlement | - | - | 0.20 | - |
| Impairment of long lived asset | 0.06 | 0.75 | 0.06 | 0.76 |
| Purchased in-process R&D | - | 0.09 | - | 0.09 |
| Severance and restructuring charges | 0.00 | - | 0.24 | - |
| Non-GAAP basic and diluted net loss per common share (1) | $(0.32) | $(0.40) | $(1.03) | $(1.30) |
| Shares used in computing non-GAAP basic and diluted net loss per share | 90,499 | 87,648 | 89,789 | 85,915 |

(1) 2005 - writeoff of intangible assets associated with Nektar UK subsidiary; 2006 - writeoff of intangible assets associated with Aerogen, Inc.

(2) These non-GAAP financial measures are not presented as a measure of operating results and should not be construed as an alternative to either (i) income from operations or (ii) cash flows from operating activities. The company's management provides these non-GAAP financial measures to present investors with additional information that the company's management considers in assessing the company's results of operations, and to enhance investors' overall understanding of the company's financial performance.

Reconciliation of Non-GAAP Projected Financial Guidance for 2007
(In millions)

Refer to the discussion of non-GAAP financial measures included in the accompanying press release for additional information.

| | 2007 Projected Financial Guidance | | |
|---|---|---|---|
| 2007 Exubera-related projected revenue range | $110 | to | $130 |
| 2007 other revenue | 100 | | 120 |
| 2007 projected total revenue range | $210 | to | $250 |
| Projected GAAP net loss | $(110) | to | $(130) |
| Adjustments to GAAP net loss: | | | |
| SFAS 123R stock-based compensation expense | 25 | | 25 |
| Aerogen restructuring | 10 | | 10 |
| Projected Non-GAAP net loss | $(75) | to | $(95) |

SOURCE: Nektar Therapeutics

Nektar Therapeutics
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