

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

INHALE THERAPEUTIC SYSTEMS

(Name of Issuer)

Common Stock, No Par Value

(Title of Class of Securities)

457191104

(CUSIP Number)

Stephen M. Vine, Esq.
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
399 Park Avenue
New York, New York 10022
(212) 872-1000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 7, 1997

(Date of Event which Requires Filing
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box .

Check the following box if a fee is being paid with the statement .** (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d- 1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosure provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Continued on following page(s)
Page 1 of 14 Pages
Exhibit Index: Page 11

** A filing fee is not being paid with this statement pursuant to SEC Release No. 33-7331 whereby the filing fee has been eliminated for Schedule 13D.

1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

Soros Fund Management LLC

2 Check the Appropriate Box If a Member of a Group*
a.
b.

3 SEC Use Only

4 Source of Funds*

AF

5 Check Box If Disclosure of Legal Proceedings Is Required Pursuant to
Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Delaware

| | | |
|--|----|-----------------------------------|
| Number of Shares Beneficially Owned By Each Reporting Person With | 7 | Sole Voting Power 750,000 |
| | 8 | Shared Voting Power 0 |
| | 9 | Sole Dispositive Power 750,000 |
| | 10 | Shared Dispositive Power 0 |

11 Aggregate Amount Beneficially Owned by Each Reporting Person

750,000

12 Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares*

13 Percent of Class Represented By Amount in Row (11)

5.50%

14 Type of Reporting Person*

00; IA

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 457191104

1 Name of Reporting Person
 S.S. or I.R.S. Identification No. of Above Person
 George Soros (in the capacity described herein)

2 Check the Appropriate Box If a Member of a Group*
 a.
 b.

3 SEC Use Only

4 Source of Funds*
 AF

5 Check Box If Disclosure of Legal Proceedings Is Required Pursuant to
 Items 2(d) or 2(e)

6 Citizenship or Place of Organization
 United States

| | | |
|--|----|-------------------------------------|
| Number of Shares Beneficially Owned By Each Reporting Person With | 7 | Sole Voting Power 0 |
| | 8 | Shared Voting Power 750,000 |
| | 9 | Sole Dispositive Power 0 |
| | 10 | Shared Dispositive Power 750,000 |

11 Aggregate Amount Beneficially Owned by Each Reporting Person
 750,000

12 Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares*

13 Percent of Class Represented By Amount in Row (11)
 5.50%

14 Type of Reporting Person*
 IA

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 457191104

- 1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

Stanley F. Druckenmiller (in the capacity described herein)
- 2 Check the Appropriate Box If a Member of a Group*
a.
b.
- 3 SEC Use Only
- 4 Source of Funds*

AF
- 5 Check Box If Disclosure of Legal Proceedings Is Required Pursuant to
Items 2(d) or 2(e)
- 6 Citizenship or Place of Organization

United States
- | | | |
|--|----|-------------------------------------|
| Number of Shares Beneficially Owned By Each Reporting Person With | 7 | Sole Voting Power 0 |
| | 8 | Shared Voting Power 750,000 |
| | 9 | Sole Dispositive Power 0 |
| | 10 | Shared Dispositive Power 750,000 |
- 11 Aggregate Amount Beneficially Owned by Each Reporting Person

750,000
- 12 Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares*
- 13 Percent of Class Represented By Amount in Row (11)

5.50%
- 14 Type of Reporting Person*

IA

*SEE INSTRUCTIONS BEFORE FILLING OUT!

This Statement on Schedule 13D relates to shares of Common Stock, no par value (the "Shares"), of Inhale Therapeutic Systems (the "Issuer"). This Statement is being filed by the Reporting Persons (as defined herein) to report recent acquisitions of Shares of the Issuer as a result of which the Reporting Persons may be deemed to be the beneficial owners of more than 5% of the outstanding Shares.

Item 1. Security and Issuer.

This Statement relates to the Shares. The address of the principal executive offices of the Issuer is 1001 East Meadow Circle, Palo Alto, California 94303.

Item 2. Identity and Background.

This statement is being filed by Soros Fund Management LLC, a Delaware limited liability company ("SFM LLC"), Mr. George Soros ("Mr. Soros") and Mr. Stanley F. Druckenmiller ("Mr. Druckenmiller", and together with SFM LLC and Mr. Soros, the "Reporting Persons"). This statement relates to Shares held for the account of Quantum Partners (as defined herein).

The business of SFM LLC is managed through a Management Committee (the "Management Committee") comprised of Mr. Soros, Mr. Druckenmiller and Mr. Gary Gladstein. SFM LLC, a Delaware limited liability company, has its principal office at 888 Seventh Avenue, 33rd Floor, New York, New York 10106. Its principal business is to serve, pursuant to contract, as the principal investment manager to several foreign investment companies, including Quantum Partners (the "SFM Clients"). SFM LLC has been granted investment discretion over portfolio investments, including the Shares, held for the account of Quantum Partners LDC, a Cayman Islands exempted limited duration company ("Quantum Partners") and Quantum Fund N.V., a Netherlands Antilles company ("Quantum Fund"). Quantum Partners is the principal operating subsidiary of Quantum Fund. Each of Quantum Fund and Quantum Partners has its principal office at Kaya Flamboyen 9, Willemstad, Curacao, Netherlands Antilles. SFM LLC's contracts with the SFM Clients generally provide that SFM LLC is responsible for designing and implementing the SFM Clients' overall investment strategies; for conducting direct portfolio management strategies to the extent that SFM LLC determines that it is appropriate to utilize its own portfolio management capabilities; for selecting, evaluating and monitoring other investment advisors who manage separate portfolios on behalf of the SFM Clients; and for allocating and reallocating the SFM Clients' assets among the outside managers and itself.

Mr. Soros, as Chairman of SFM LLC, has the ability to direct the investment decisions of SFM LLC and as such may be deemed to have investment discretion over the Shares held for the accounts of the SFM Clients. Mr. Druckenmiller, as Lead Portfolio Manager of SFM LLC, has the ability to direct the investment decisions of SFM LLC and as such may be deemed to have investment discretion over the Shares held for the accounts of the SFM Clients. Set forth in Annex A hereto and incorporated by reference in response to this Item 2 and elsewhere in this Schedule 13D as applicable is a list of the Managing Directors of SFM LLC (the executive officers of SFM LLC).

The principal occupation of Mr. Soros, a United States citizen, is his direction of the activities of SFM LLC, which is carried out in his capacity as Chairman of SFM LLC at SFM LLC's principal office.

The principal occupation of Mr. Druckenmiller, a United States citizen, is his position as Lead Portfolio Manager and a Member of the Management Committee of SFM LLC, which is carried out at SFM LLC's principal office.

Pursuant to regulations promulgated under Section 13(d) of the Act, SFM LLC, Mr. Soros, in his capacity as Chairman of SFM LLC, and Mr. Druckenmiller, in his capacity as Lead Portfolio Manager of SFM LLC, each may be deemed a beneficial owner of the Shares held for the account of Quantum Partners as a result of the contractual authority of SFM LLC to exercise voting and dispositive power with respect to such Shares.

During the past five years, none of the Reporting Persons, Quantum Partners and, to the best of the Reporting Persons' knowledge, any other person identified in response to this Item 2 has been (a) convicted in a criminal proceeding, or (b) a party to any civil proceeding as a result of which it or he has been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Quantum Partners expended \$13,500,000 of its working capital to purchase the Shares reported herein as being acquired in the last 60 days.

The Shares reported herein were acquired pursuant to the terms of Stock Purchase Agreement dated January 28, 1997 (the "Stock Purchase Agreement") between the Issuer and Quantum Partners, a form of which is Exhibit D hereto and incorporated herein by reference. The terms of the Stock Purchase Agreement described below are qualified in their entirety by the specific provisions of such agreement. Under the Stock Purchase Agreement, Quantum Partners' obligation to purchase the Shares was conditioned upon a registration statement covering the Shares becoming effective under the Securities Act of 1933, as amended (the "Securities Act"). On February 7, 1997, the Issuer's registration statement on Form S-3 covering such Shares was declared effective under the Securities Act, and on the same date Quantum Partners paid the Issuer the purchase price for the Shares. In the Stock Purchase Agreement, Quantum Partners made certain covenants to the Issuer in which Quantum Partners agreed to certain provisions relating to the transfer of the Shares, which provisions were intended to ensure that any such transfer would be in compliance with the Securities Act.

The Shares held for the accounts of Quantum Partners and/or other SFM Clients may be held through margin accounts maintained with brokers, which extend margin credit as and when required to open or carry positions in their margin accounts, subject to applicable federal margin regulations, stock exchange rules and such firms' credit policies. The Shares which may be held in the margin accounts are pledged as collateral security for the repayment of debit balances in the respective accounts.

Item 4. Purpose of Transaction.

All of the Shares reported herein as having been acquired for or disposed of from the account of Quantum Partners were acquired or disposed of for investment purposes. Neither Quantum Partners, the Reporting Persons nor, to the best of their knowledge, any of the other individuals identified in response to Item 2, has any plans or proposals that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Mr. Soros, Mr. Druckenmiller and SFM LLC reserve the right to acquire, or cause to be acquired, additional securities of the Issuer, to dispose of, or cause to be disposed, such securities at any time or to formulate other purposes, plans or proposals regarding the Issuer or any of its securities, to the extent deemed advisable in light of general investment and trading policies of the SFM Clients, market conditions or other factors.

Item 5. Interest in Securities of the Issuer.

(a) Each of SFM LLC, Mr. Druckenmiller and Mr. Soros may be deemed the beneficial owner of the 750,000 Shares held for the account of Quantum Partners (approximately 5.50% of the total number of Shares outstanding).

(b) (i) Pursuant to the terms of the contract between Quantum Fund and SFM LLC, SFM LLC may be deemed to have sole power to direct the voting and disposition of the 750,000 Shares held for the account of Quantum Partners.

(ii) Pursuant to the terms of the contract between Quantum Fund and SFM LLC and as a result of the positions held by Mr. Soros and Mr. Druckenmiller with SFM LLC, each of Mr. Soros and Mr. Druckenmiller may be deemed to have shared power to direct the voting and disposition of the 750,000 Shares held for the account of Quantum Partners.

(c) Except for the transactions described in Item 3 and Item 6 hereof, there have been no transactions with respect to the Shares since December 20, 1996 (60 days prior to the date hereof) by any of the Reporting Persons or Quantum Partners.

(d) The shareholders of Quantum Partners, including Quantum Fund, have the right to participate in the receipt of dividends from, or proceeds from the sale of, the Shares held for the account of Quantum Partners in accordance with their ownership interests in Quantum Partners.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

As disclosed in Item 3 hereto, in connection with its acquisition of the Shares reported herein, Quantum Partners entered into the Stock Purchase Agreement attached hereto as Exhibit D and incorporated herein by reference.

From time to time each of the Reporting Persons, Quantum Partners and/or other SFM Clients may lend portfolio securities to brokers, banks or other financial institutions. These loans typically obligate the borrower to return the securities, or an equal amount of securities of the same class, to the lender and typically provide that the borrower is entitled to exercise voting rights and to retain dividends during the term of the loan. From time to time to the extent permitted by applicable law, each of such persons or entities may borrow securities, including the Shares, for the purpose of effecting, and may effect, short sale transactions, and may purchase securities for the purpose of closing out short positions in such securities.

Except as set forth herein, the Reporting Persons, Quantum Partners and/or the other SFM Clients do not have any contracts, arrangements, understandings or relationships with respect to any securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

A. Power of Attorney dated as of January 1, 1997 granted by Mr. Soros in favor of Mr. Sean C. Warren and Mr. Michael C. Neus.

B. Power of Attorney dated as of January 1, 1997 granted by Mr. Druckenmiller in favor of Mr. Sean C. Warren and Mr. Michael C. Neus.

C. Joint Filing Agreement dated February 18, 1997 by and among SFM LLC, Mr. Soros and Mr. Druckenmiller.

D. Form of Stock Purchase Agreement between the Issuer and Quantum Partners dated January 28, 1997 (filed as Exhibit 4.10 to the Issuer's Registration Statement on Form S-3 (Registration No. 333-20787) and incorporated by reference).

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: February 18, 1997

SOROS FUND MANAGEMENT LLC

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Assistant General Counsel

GEORGE SOROS

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Attorney-in-Fact

STANLEY F. DRUCKENMILLER

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Attorney-in-Fact

ANNEX A

The following is a list of all of the persons (other than Stanley Druckenmiller) who serve as Managing Directors of SFM LLC:

Scott K. H. Bessent
Walter Burlock
Brian J. Corvese
Jeffrey L. Feinberg
Arminio Fraga
Gary Gladstein
Robert K. Jermain
David N. Kowitz
Alexander C. McAree
Paul McNulty
Gabriel S. Nechamkin
Steven Okin
Dale Precoda
Lief D. Rosenblatt
Mark D. Sonnino
Filiberto H. Verticelli
Sean C. Warren

Each of the above-listed persons is a United States citizen whose principal occupation is serving as Managing Director of SFM LLC, and each has a business address c/o Soros Fund Management LLC, 888 Seventh Avenue, 33rd Floor, New York, New York 10106.

To the best of the Reporting Persons' knowledge:

(a) None of the above persons hold any Shares.

(b) None of the above persons has any contracts, arrangements, understandings or relationships with respect to the Shares.

EXHIBIT INDEX

Page No.

A. Power of Attorney dated as of January 1, 1997 granted by Mr. George Soros in favor of Mr. Sean C. Warren and Mr. Michael C. Neus..... 12

B. Power of Attorney dated as of January 1, 1997 granted by Mr. Stanley F. Druckenmiller in favor of Mr. Sean C. Warren and Mr. Michael C. Neus.....13

C. Joint Filing Agreement dated February 18, 1997 by and among Soros Fund Management LLC, Mr. George Soros and Mr. Stanley F. Druckenmiller.....14

EXHIBIT A

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, GEORGE SOROS, hereby make, constitute and appoint each of SEAN C. WARREN and MICHAEL C. NEUS, acting individually, as my agent and attorney-in-fact for the purpose of executing in my name, (a) in my personal capacity or (b) in my capacity as Chairman of, member of or in other capacities with Soros Fund Management LLC, all documents, certificates, instruments, statements, filings and agreements ("documents") to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities or other investments, and any other documents relating or ancillary thereto, including but not limited to, all documents relating to filings with the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Act") and the rules and regulations promulgated thereunder, including: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(f) and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3, Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of the attorney-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

This power of attorney shall be valid from the date hereof until revoked by me.

IN WITNESS WHEREOF, I have executed this instrument as of the 1st day of January, 1997.

/s/ George Soros

 GEORGE SOROS

EXHIBIT B

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, STANLEY F. DRUCKENMILLER, hereby make, constitute and appoint each of SEAN C. WARREN and MICHAEL C. NEUS, acting individually, as my agent and attorney-in-fact for the purpose of executing in my name, (a) in my personal capacity or (b) in my capacity as Lead Portfolio Manager of, member of or in other capacities with Soros Fund Management LLC, all documents, certificates, instruments, statements, filings and agreements ("documents") to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities or other investments, and any other documents relating or ancillary thereto, including but not limited to, all documents relating to filings with the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Act") and the rules and regulations promulgated thereunder, including: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(f) and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3, Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of the attorney-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

This power of attorney shall be valid from the date hereof until revoked by me.

IN WITNESS WHEREOF, I have executed this instrument as of the 1st day of January, 1997.

/s/ Stanley F. Druckenmiller

 STANLEY F. DRUCKENMILLER

EXHIBIT C

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13D with respect to the Common Stock of Inhale Therapeutic Systems dated February 18, 1997 is, and any amendments thereto signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(f) under the Securities Exchange Act of 1934.

Date: February 18, 1997

SOROS FUND MANAGEMENT LLC

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Assistant General Counsel

GEORGE SOROS

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Attorney-in-Fact

STANLEY F. DRUCKENMILLER

By: /S/ MICHAEL C. NEUS

Michael C. Neus
Attorney-in-Fact