



MannKind Corporation Reports Fourth Quarter and Full Year 2006 Financial Results

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- Conference Call to Begin Today at 9:00 a.m. ET -

VALENCIA, Calif., Feb. 2 /PRNewswire-FirstCall/ -- MannKind Corporation (Nasdaq: MNKD) today reported financial results for the fourth quarter and year ended December 31, 2006.

For the fourth quarter of 2006, total operating expenses were \$71.8 million, compared with \$35.0 million for the fourth quarter of 2005. Research and development (R&D) expenses increased by \$31.2 million to \$59.7 million for the fourth quarter of 2006 compared to the fourth quarter of 2005, primarily due to increased costs associated with the Company's expanded clinical development program for Technosphere[®] Insulin. All of the pivotal Phase 3 trials are now under way in the United States, Latin America and Europe. General and administrative (G&A) expenses increased by \$5.6 million to \$12.1 million for the fourth quarter of 2006 compared to the fourth quarter of 2005 primarily due to changes in stock-based compensation expense and increased consulting and various other general and administrative expenses. The total number of employees increased from 428 at the end of 2005 to 545 at the end of 2006.

The net loss applicable to common stockholders for the fourth quarter of 2006 was \$71.3 million, or \$1.30 per share based on 54.7 million weighted average shares outstanding, compared with a net loss applicable to common stockholders of \$33.3 million, or \$0.66 per share based on 50.3 million weighted average shares outstanding, for the fourth quarter of 2005.

For the year ended December 31, 2006, total operating expenses were \$233.8 million, compared with \$118.1 million for 2005. R&D expenses were \$191.8 million in 2006, up \$96.4 million from 2005, primarily related to the expansion of clinical trials of the Technosphere Insulin program. G&A expenses increased by \$19.2 million to \$42.0 million for 2006 as compared to 2005 primarily related to increased stock compensation expense and increased legal, accounting and consulting fees. The net loss applicable to common stockholders for 2006 was \$230.5 million, or \$4.52 per share based on 51.0 million weighted average shares outstanding, compared with a net loss applicable to common stockholders of \$114.3 million, or \$2.87 per share based on 39.9 million weighted averages shares outstanding for 2005. In December 2006, the Company sold 23.0 million shares of common stock and issued \$115.0 million of convertible notes, raising gross proceeds of \$515.7 million. The resulting aggregate net proceeds from these offerings after expenses was \$495.9 million. The number of common shares outstanding at December 31, 2006 was 73,360,154.

Cash, cash equivalents and marketable securities were \$436.5 million at December 31, 2006, \$50.1 million at September 30, 2006, and \$145.6 million at December 31, 2005.

"2006 was another exceptional year for MannKind marked with significant growth and progress. We continue to grow as an organization led by a team of very skilled and experienced managers. We remain committed to our clinical progress and goals, reflecting our confidence in Technosphere Insulin. New data continues to affirm the exciting attributes of Technosphere Insulin. In our completed studies to date, we have seen little, if any, need for meal titration, significant improvement in glycemic control overall and in post-meal profiles, virtually no risk of severe hypoglycemia, no weight gain, and no adverse effect on pulmonary function," said Alfred Mann, Chairman and Chief Executive Officer of MannKind Corporation. "All of our pivotal trials are under way and the two year pulmonary safety trial, the gating trial for filing, was fully enrolled with 2,051 patients in September 2006. We are continuing the expansion of our manufacturing operations in Danbury, CT, and have completed a successful round of financing this year, and received clearance from the FDA to begin a Phase 1 trial of our first cancer immunotherapy product. In 2007, we will continue on our path to bring Technosphere Insulin to market as quickly as possible."

Conference Call

MannKind management will host a conference call to discuss these results today at 9:00 a.m. Eastern Standard Time. To participate in the call please dial (888) 566-5775 or (210) 839-8503. To listen to the call via the Internet please visit www.mannkindcorp.com. The web site replay will be available for fourteen days. A telephone replay will be accessible for approximately 14 days following completion of the call by dialing (866) 443-4144 or (203) 369-1112 and entering conference number 2363265.

Presenting from the Company will be:

- Chairman and Chief Executive Officer Alfred Mann
- Corporate Vice President and Chief Scientific Officer Peter Richardson
- Corporate Vice President and Chief Financial Officer Dick Anderson

About MannKind Corporation

MannKind Corporation (Nasdaq: MNKD) focuses on the discovery, development and commercialization of therapeutic products for diseases such as diabetes and cancer. Its lead product, the Technosphere Insulin System, is currently in Phase 3 clinical trials in the United States, Europe and Latin America to study its safety and efficacy in the treatment of diabetes. For more information on MannKind Corporation and its technology, visit <http://www.mannkindcorp.com>.

Forward-Looking Statements

This press release contains forward-looking statements, including statements related to MannKind's clinical trials, product candidates and organizational development that involve risks and uncertainties. Words such as "believes", "anticipates", "plans", "expects", "intend", "will", "goal", "potential" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon the Company's current expectations. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to the progress, timing and results of clinical trials, difficulties or delays in seeking or obtaining regulatory approval, the manufacture of the Technosphere Insulin System, competition from other pharmaceutical or biotechnology companies, MannKind's ability to enter into any collaborations or strategic partnerships, intellectual property matters and other risks detailed in MannKind's filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year ended December 31, 2005 and periodic reports on Form 10-Q and Form 8-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement, and MannKind undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this press release.

MannKind Corporation Consolidated Statements of Operations (Unaudited) (In thousands, except Three Months Ended Year Ended per share amounts) December 31, 2006 2005 2006 2005 Revenue \$ - \$ 100 \$ - Operating expenses: Research and development 59,740 28,589 191,796 95,347 General and administrative 12,058 6,457 42,001 22,775 Total operating expenses 71,798 35,046 233,797 118,122 Loss from operations (71,798) (35,046) (233,697) (118,122) Other income 48 85 208 78 Interest expense on note payable to principal stockholder (822) (1,511) Interest expense on convertible debt (222) (222) Interest income 1,526 1,669 4,679 3,707 Loss before provision for income taxes (71,268) (33,292) (230,543) (114,337) Income taxes - - (5) (1) Net loss applicable to common stockholders \$(71,268) \$(33,292) \$(230,548) \$(114,338) Net loss per share applicable to common stockholders - basic and diluted \$(1.30) \$(0.66) \$(4.52) \$(2.87) Shares used to compute basic and diluted net loss per share applicable to common stockholders 54,684 50,250 50,970 39,871 MannKind Corporation Condensed Balance Sheet (Unaudited) (in thousands) December 31, 2006 2005 Current assets: Cash and cash equivalents \$319,555 \$56,037 Marketable securities 116,924 89,597 State research and development tax credit exchange receivable - current 2,418 1,194 Prepaid expenses and other current assets 10,650 3,044 Total current assets 449,547 149,872 Property and equipment - net 88,328 76,183 State research and development tax credit exchange receivable - net of current portion 1,500 2,031 Other assets 362 285 Total \$539,737 \$228,371 Liabilities and Stockholders' Equity Current liabilities \$44,959 \$21,365 Other liabilities 24 29 Senior convertible notes 111,267 Stockholders' equity 383,487 206,977 Total \$539,737 \$228,371

SOURCE MannKind Corporation

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