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): July 1, 2013

MannKind Corporation
(Exact name of registrant as specified in its charter)

Delaware	**000-50865**	**13-3607736**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(IRS Employer Identification No.)**

28903 North Avenue Paine Valencia, California	**91355**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (661) 775-5300

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Facility Agreement

On July 1, 2013, we entered into a Facility Agreement (the "Facility Agreement") with Deerfield Private Design Fund II, L.P. ("Deerfield Private Design Fund") and Deerfield Private Design International II, L.P. (collectively, "Deerfield"), providing for the sale by us of up to $160.0 million of our 9.75% senior secured convertible notes (the "Convertible Notes") to Deerfield in four equal tranches. The Convertible Notes will accrue interest at a rate of 9.75% per annum until maturity in 2019 or their earlier repayment, repurchase or conversion. A portion of the principal amount of the Convertibles Notes issued under the Facility Agreement may be converted into shares of our common stock (the "Conversion Shares") at the noteholder's option after a specified period following the release of data from our Phase III clinical studies of AFREZZA®. The conversion price will be determined by the volume weighted average price of our common stock during the 20 trading days immediately preceding the conversion date. The number of Conversion Shares that may be issued upon conversion of all Convertible Notes will be limited to an aggregate of 12 million shares or such lesser number of shares as may be determined pursuant to the conversion limitations contained in the Convertible Notes if the conversion price at which the Convertible Notes are actually converted from time to time is greater than $3.33.

The closing of the first tranche of Convertible Notes in the aggregate principal amount of $40.0 million (the "Tranche 1 Notes") occurred on the date of the Facility Agreement. Deerfield's obligation to purchase the second tranche of Convertible Notes (the "Tranche 2 Notes") is subject to our achievement and reporting of certain Phase III results relating to our clinical studies of AFREZZA®. Deerfield's obligation to purchase the third tranche of Convertible Notes is subject to our repayment of our 3.75% Senior Convertible Notes due 2013 and the prior satisfaction of the conditions for the second tranche closing. Deerfield's obligation to purchase the fourth tranche of Convertible Notes is subject to our receipt of approval of AFREZZA® by the U.S. Food and Drug Administration and the prior satisfaction of the conditions for the second and third tranche closings. In addition to the foregoing conditions, Deerfield's obligation to purchase Convertible Notes at any of the three remaining closings is subject to, at each closing, the Conversion Shares issuable upon conversion of all previously sold Convertible Notes being freely tradable pursuant to an effective registration statement filed with the Securities and Exchange Commission or pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act").

We are required to repay 25% of the original principal amount of the Convertible Notes sold in each tranche on the third, fourth, fifth and sixth anniversaries of the applicable issue dates of such Convertible Notes; provided that the entire outstanding principal amount of all Convertible Notes will become due and payable no later than December 31, 2019. We have the right but not the obligation to prepay the outstanding principal amount of the Tranche 1 Notes at a price equal to 110% of the outstanding principal thereof plus all accrued and unpaid interest as of the date of prepayment if the conditions for the Tranche 2 Notes have not been satisfied. We are required to repay any outstanding Convertible Notes in full if we complete a major transaction, which includes, but is not limited to, certain mergers and other change of control transactions involving us.

The Facility Agreement includes customary representations, warranties and covenants by us, including restrictions on the incurrence of additional indebtedness. Events of default under the Facility Agreement include: our failure to timely make payments due under the Convertible Notes; inaccuracies in our representations and warranties to Deerfield; our failure to comply with any of our covenants under any of the Agreements (as defined below) or the related security documents required by the Facility Agreement, subject to a cure period with respect to most covenants; our insolvency or the occurrence of certain bankruptcy-related events; certain judgments against us; the suspension, cancellation or revocation of governmental authorizations that are reasonably expected to have a material adverse effect on our business; the acceleration of a specified amount of our indebtedness; our cash and cash equivalents, including amounts available to us under our revolving loan arrangement with The Mann Group LLC, falling below $25.0 million as of the last day of any fiscal quarter; our failure to timely deliver any Conversion Shares; and our failure to cause the Conversion Shares to be freely tradable within certain agreed upon time frames. If one or more events of default under the Facility Agreement occurs and continues beyond any applicable cure period, the noteholders may declare all or any portion of the Convertible Notes to be immediately due and payable.

We are required to reimburse Deerfield for up to $500,000 of reasonable, documented expenses for attorneys, accountants and other professional advisors, and other out-of-pocket expenses incurred by Deerfield in connection with the transactions contemplated by the Facility Agreement.

We plan to use the net proceeds from the sale of the Convertible Notes for working capital and other lawful corporate purposes. We may also use a portion of the net proceeds to repay our 3.75% Senior Convertible Notes due 2013.

The foregoing descriptions of the Facility Agreement and the Convertible Notes do not purport to be complete and are qualified in their entirety by reference to the Facility Agreement and the form of Convertible Note, copies of which are attached to this report as Exhibit 99.1 and Exhibit 99.2, respectively.

Milestone Agreement

In connection with the Facility Agreement, on July 1, 2013 we also entered into a Milestone Rights Purchase Agreement (the "Milestone Agreement") with Deerfield Private Design Fund and Horizon Santé FLML SÁRL ("HS" and together with Deerfield Private Design Fund, the "Milestone Purchasers"), pursuant to which, in exchange for a payment of $18.9 million, we sold the Milestone Purchasers rights to receive payments of up to $90.0 million upon the occurrence of specified strategic and sales milestones, including the first commercial sale of an AFREZZA® product and the achievement of specified net sales figures. The milestone rights terminate if we exercise our right to prepay the Tranche 1 Notes. In addition, the milestone payments are subject to pro rata reduction in the event of certain funding failures by Deerfield under the Facility Agreement.

The Milestone Agreement includes customary representations and warranties and covenants by us, including restrictions on transfers of intellectual property related to AFREZZA®. The milestones are subject to acceleration in the event we transfer our intellectual property related to AFREZZA® in violation of the terms of the Milestone Agreement.

The foregoing description of the Milestone Agreement does not purport to be complete and is qualified in its entirety by reference to the Milestone Agreement, a copy of which is attached to this report as Exhibit 99.3.

Security Agreement

In connection with the Facility Agreement, we and MannKind LLC, our subsidiary, entered into a Guaranty and Security Agreement (the "Security Agreement) with Deerfield and HS (collectively, the "Purchasers"), pursuant to which we and MannKind LLC each granted the Purchasers a security interest in substantially all of our respective assets, including our respective intellectual property, accounts, receivables, equipment, general intangibles, inventory and investment property, and all of the proceeds and products of the foregoing. The Security Agreement includes customary covenants by us and MannKind LLC, remedies of the Purchasers and representations and warranties by us and MannKind LLC. The security interests granted by us and MannKind LLC will terminate upon repayment of the Convertible Notes in full. Our obligations under the Facility Agreement, the Convertible Notes and the Milestone Agreement are also secured by certain mortgages on our facilities in Danbury, Connecticut and Valencia, California.

The foregoing description of the Security Agreement does not purport to be complete and is qualified in its entirety by reference to the Security Agreement, a copy of which is attached to this report as Exhibit 99.4.

Registration Rights Agreement

In connection with the Facility Agreement and the sale of the Convertible Notes pursuant thereto, we entered into a Registration Rights Agreement with Deerfield (the "Registration Rights Agreement"), pursuant to which we agreed to register for sale the Conversion Shares within a specified time period following the issuance of each tranche of Convertibles Notes.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is attached to this report as Exhibit 99.5.

The Facility Agreement, Convertible Notes, Milestone Agreement, Security Agreement and Registration Rights Agreement (collectively, the "Agreements") have been filed with this report to provide investors and security holders with information regarding their respective terms. The foregoing descriptions are not intended to provide any other factual information about us or the other parties to the Agreements. The Agreements contain representations and warranties of the parties thereto which were made to, and solely for the benefit of, the other parties to the Agreements. Accordingly, investors and security holders should not rely on the representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Agreements, which subsequent information may or may not be fully reflected in our public disclosures.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information in Item 1.01 above is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

The information in Item 1.01 above is incorporated by reference into this Item 3.02. We relied on the exemption from registration contained in Section 4(2) of the Securities Act and Regulation D, Rule 506 thereunder, for the issuance of the Convertible Notes and expect to rely on such exemptions for any issuance of Conversion Shares. In connection with Deerfield's execution of the Facility Agreement, Deerfield represented to us that it is an "accredited investor" as defined in Regulation D of the Securities Act and that the securities purchased or to be purchased by Deerfield were or will be acquired solely for its own account and for investment purposes and not with a view to the future sale or distribution by Deerfield of any portion of the Convertibles Notes or Conversion Shares.

Forward-Looking Statements

Certain statements in this report are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements include, without limitation: statements about the Agreements and the potential future sales and purchases of Convertibles Notes and other transactions contemplated by the Agreements; the potential results of our clinical studies related to AFREZZA®; the future repayment or repurchase of any portion of the Convertible Notes or our 3.75% Senior Convertible Notes due 2013; the application for and receipt of regulatory clearances and approvals; and our future compliance with certain covenants in the Agreements. For such statements, we claim the protection of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ materially from our expectations. Factors that could cause actual results to differ materially from the forward-looking statements include, without limitation: the results of our clinical studies related to AFREZZA®; our ability to repay our outstanding indebtedness, including indebtedness under our 3.75% Senior Convertible Notes due 2013; our ability to market, commercialize and achieve market acceptance for AFREZZA® or any other products or therapies that we may develop; our ability to comply with various covenants in the Agreements; our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others; our estimates for future performance; our estimates regarding anticipated operating losses, future revenues, capital requirements and our needs for additional financing; and scientific studies and the conclusions we draw from them. Additional factors that could cause actual results to differ materially from those stated or implied by our forward-looking statements are disclosed in our filings with the Securities and Exchange Commission. These forward-looking statements represent our judgment as of the time of the filing of this report. We disclaim any intent or obligation to update these forward-looking statements, other than as may be required under applicable law.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Number	Description
99.1	Facility Agreement, dated as of July 1, 2013, by and among MannKind Corporation, Deerfield Private Design Fund II, L.P. and Deerfield Private Design International II, L.P.
99.2	Form of 9.75% Senior Secured Convertible Promissory Note.
99.3	Milestone Rights Purchase Agreement, dated as of July 1, 2013, by and among the MannKind Corporation, Deerfield Private Design Fund II, L.P. and Horizon Santé FLML SÁRL.
99.4	Guaranty and Security Agreement, dated as of July 1, 2013, by and among MannKind Corporation, MannKind LLC, Deerfield Private Design Fund II, L.P., Deerfield Private Design International II, L.P. and Horizon Santé FLML SÁRL.
99.5	Registration Rights Agreement, dated as of July 1, 2013, by and among MannKind Corporation, Deerfield Private Design Fund II, L.P. and Deerfield Private Design International II, L.P.

SIGNATURES

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.

MannKind Corporation
(Registrant)

Date: July 1, 2013

By: /s/ Matthew J. Pfeffer
Matthew J. Pfeffer
Corporate Vice President and Chief Financial Officer

EXHIBIT INDEX

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99.4	Guaranty and Security Agreement, dated as of July 1, 2013, by and among MannKind Corporation, MannKind LLC, Deerfield Private Design Fund II, L.P., Deerfield Private Design International II, L.P. and Horizon Santé FLML SÁRL.
99.5	Registration Rights Agreement, dated as of July 1, 2013, by and among MannKind Corporation, Deerfield Private Design Fund II, L.P. and Deerfield Private Design International II, L.P.

Exhibit 99.1

EXECUTION VERSION

FACILITY AGREEMENT (this "Agreement"), dated as of July 1, 2013, between MannKind Corporation, a Delaware corporation (the "Borrower"), and the purchasers set forth on the signature page of this Agreement (the "Purchasers", and together with the Borrower, the "Parties").

W I T N E S S E T H:

WHEREAS, the Borrower wishes to issue and sell to the Purchasers, and the Purchasers wish to purchase from the Borrower, Notes in the aggregate principal amount of up to One Hundred Sixty Million Dollars ($160,000,000) for the purposes described in Section 2.1;

NOW, THEREFORE, in consideration of the mutual agreements set forth in this Agreement, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 General Definitions. Wherever used in this Agreement, the Exhibits or the Schedules attached hereto, unless the context otherwise requires, the following terms have the following meanings:

"Affiliate" means any Person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser. As used in this definition of "Affiliate," the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or partnership or other ownership interest, by contract, or otherwise.

"Agreement Date" means the date of this Agreement.

"Applicable Laws" means all statutes, rules and regulations of the FDA and of other Governmental Authorities in the United States or elsewhere exercising regulatory authority similar to that of the FDA applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product manufactured or distributed by or on behalf of the Borrower or its Subsidiaries applicable to the Borrower or its Subsidiaries.

"Authorizations" has the meaning given to it in Section 3.1(s).

"Business Day" means a day on which banks are open for business in The City of New York and Los Angeles.

"CA Deed of Trust" means that certain Deed of Trust, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents dated the Agreement Date made by the Borrower to Fidelity National Title Company, as Trustee, for the benefit of the Purchasers.

"Cash and Cash Equivalents" means, with respect to any date of determination, cash, cash equivalents and marketable securities as set forth on the Borrower's consolidated balance sheet as of such date and cash available for borrowing under the Mann Debt.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

"Collateral" has the meaning ascribed to such term in the Security Agreements.

"Common Stock" means the common stock, par value $0.01 per share, of the Borrower.

"CT Mortgage" means that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated the Agreement Date, made by the Borrower in favor of the Purchasers.

"Default" means any event which, at the giving of notice, lapse of time or fulfillment of any other applicable condition (or any combination of the foregoing), would constitute an Event of Default.

"Disclosure Letter "means the disclosure letter dated the Agreement Date made by Borrower in favor of Purchasers.

"Dollars" and the "$" sign mean the lawful currency of the United States of America.

"Event of Default" has the meaning given to it in Section 5.4.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

"Excluded Taxes" means with respect to any Purchaser, (a) income or franchise Taxes imposed on (or measured by) such Purchaser's net income by the United States, or by the jurisdiction (or any political subdivision thereof) under the laws of which such Purchaser is organized or incorporated or in which the applicable lending office of such Purchaser is located, or a result of a present or former connection between such Purchaser and the jurisdiction (or any political subdivision thereof) of the Government Authority imposing such Tax (other than a connection arising solely from such Purchaser having executed, delivered, performed its obligations or received a payment under, received or perfected a security interest under, having been a party to, having enforced, or having engaged in any other transaction pursuant to this Agreement or any other Transaction Document), (b) any branch profits Taxes imposed by the United States, (c) any withholding Tax imposed by the United States under FATCA as a direct result of such Purchaser's failure to deliver the required IRS forms certifying as to its exemption from withholding under FATCA, or (d) any withholding Tax imposed by the United States on amounts payable to Purchaser under the laws in effect at the time such Purchaser becomes a

party to this Agreement or as a direct result of such Purchaser's failure to comply with Section 2.5(d), in either case except to the extent that (x) such Purchaser's assignor (if Purchaser is an assignee) was entitled, at the time of the assignment to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 2.5(a) or (y) such Purchaser is legally unable to comply with Section 2.5(d) as a result of any change in law occurring subsequent to the date such Purchaser becomes a party to this Agreement.

"Excluded Transaction" means any of the following transactions:

(a) The entering into any collaborative arrangement, licensing, joint venture, partnership, royalty agreement or similar agreements or other research, development, manufacturing or other commercial exploitation arrangements of the Product, the Borrower's or any Subsidiary's Intellectual Property or other assets (*provided*, that the Borrower has a reasonable basis for believing that the downstream economics potentially to be received by the Borrower and its Subsidiaries in connection with such collaborative arrangement, licensing, joint venture, partnership, royalty agreement or similar agreements or other research, development, manufacturing or other commercial exploitation arrangements involving the Product or the IP, other than those described in clauses (4) and (5) below, when combined with the potential downstream economics of rights in the Product and the IP retained by the Borrower and its Subsidiaries are adequate to enable the Borrower to timely satisfy all obligations of the Borrower and its Subsidiaries under this Agreement and the Milestone Agreement), including, without limitation (1) any grant to any entity engaged in, or owned by an entity engaged in, the pharmaceutical or biotechnology industry of a license or option to obtain a license to any of the Borrower's or any Subsidiary's Intellectual Property or other assets, *provided* that the Borrower or a Wholly-Owned Subsidiary (and not any third party or any of the Borrower's or a Subsidiary's equity holders) directly receives from such entity all consideration paid or payable by such entity in consideration of such grant (other than any payments made by such third party in satisfaction of obligations of the Borrower or its Wholly-Owned Subsidiaries), which consideration may, but need not, include (without limitation) upfront, milestone, royalty and profit-sharing payments, (2) any grant of a license or option to obtain a license to any entity that intends to research, develop, commercialize or manufacture products or services covered by such Intellectual Property or other assets whether directly or through the Borrower, any Subsidiary or another entity, (3) any arrangement or transfers of assets for the manufacture, research, promotion and development of the Borrower's or any Subsidiary's products and clinical trial management, and data analysis and similar activities in support of Borrower's or any Subsidiary's development programs, (4) any arrangement or transfers solely relating to the Borrower's and the Subsidiary's oncology assets or other assets that are excluded from the Collateral, and (5) the transfer of the Danbury facility to a joint venture or partnership in connection with any collaborative arrangement or to any collaborative partner, in each case in connection with the Product; and

(b) The incurrence, grant or existence of, or the sale or transfer of any assets in connection with the enforcement of any Permitted Lien.

"Existing Surveys" means (a) that certain Survey made by Sydney A. Rapp, Jr., dated August 17, 1978 and last revised November 19, 1983, and (b) that certain Survey prepared by Thienes Engineering Inc., in November, 2000, and designated as Job No. 1746.

"FATCA" means Section 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended, or any amended or successor version thereof, any Treasury Regulations or other official interpretations thereof, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Section of the Code.

"FDA" means the United States Food and Drug Administration.

"Final Payment" means the amount necessary to repay the Obligations.

"Foreign Subsidiary" means any Subsidiary that is not organized under the laws of a jurisdiction of the United States.

"Foreign Subsidiary Holding Company" means any Subsidiary if all of the assets of such Subsidiary (other than de minimus cash and assets required to operate) consist of equity interests in a Foreign Subsidiary.

"Final Payment Date" means the earlier of (i) with respect to any tranche of Notes, the sixth anniversary of the issue date thereof, (ii) the date on which the Borrower makes the Final Payment, and (iii) December 31, 2019.

"Freely Tradable" means, with respect to any tranche of Notes and any shares of Common Stock issuable upon conversion of such tranche of Notes, either (a) a registration statement covering the resale of such shares of Common Stock issuable upon conversion of such tranche of Notes has been declared effective by the SEC and is available for the immediate disposition of such shares of Common Stock, or (b), assuming that the Purchasers are not, and have not been during the preceding three months, affiliates (as such term is defined in Rule 144 under the Securities Act) of the Borrower, all such shares of Common Stock are eligible for immediate disposition by the Purchasers for their own account without volume restriction pursuant to Rule 144(b)(1) under the Securities Act and without registration under the Securities Act; provided that such shares of Common Stock will be deemed to be Freely Tradable to the extent a registration statement has not been declared effective or is not available solely due to a breach by any Purchaser of Section 4 of the Registration Rights Agreement.

"GAAP" means generally accepted accounting principles consistently applied as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession).

"Government Authority" means any government, governmental department, ministry, cabinet, commission, board, bureau, agency, tribunal, regulatory authority, instrumentality, judicial, legislative, fiscal, or administrative body or entity, whether domestic or foreign, federal, state or local, having jurisdiction over the matter or matters and Person or Persons in question.

"Guaranty and Security Agreement" means that certain Guaranty and Security Agreement, dated as of the Agreement Date, among the Borrower, the other grantors and guarantors from time to time party thereto, the Purchasers and the Milestone Purchasers.

"Hedging Obligations" means all liabilities under take-or-pay or similar arrangements or under any interest rate swaps, caps, floors, collars and other interest hedge or protection agreements, treasury locks, equity forward contracts, currency agreements or commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements and any other derivative instruments, in each case, whether the Borrower and its Subsidiaries are liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which liabilities the Borrower or its Subsidiaries otherwise assures a creditor against loss.

"Inactive Subsidiary" means any direct or indirect Subsidiary of the Borrower that has assets and annual revenues less than $1,000,000 and does not have assets that relate to the development or commercialization of the Product.

"Indebtedness" means the following:

(i) all indebtedness for borrowed money;

(ii) the deferred purchase price of assets or services (other than trade payables, obligations in respect of benefit plans and employment and severance arrangements, and other deferred compensation obligations to employees and directors arising in the ordinary course of business and not related to any financing) which in accordance with GAAP would be shown to be a liability (or on the liability side of a balance sheet);

(iii) all guarantees of Indebtedness;

(iv) the maximum amount of all letters of credit issued or acceptance facilities established for the account of the Borrower and any of its Subsidiaries, including without duplication, all drafts drawn thereunder (other than letters of credit supporting other indebtedness of the Borrower and any of its Subsidiaries which are otherwise permitted hereunder);

(v) all capitalized lease obligations;

(vi) all indebtedness of another Person secured by any Lien on any property of the Borrower or its Subsidiaries, whether or not such indebtedness has been assumed or is recourse (with the amount thereof, in the case of any such indebtedness that has not been assumed by the Borrower or its Subsidiaries, being measured as the lower of (x) fair market value of such property and (y) the amount of the indebtedness secured);

(vii) all Hedging Obligations; and

(viii) indebtedness created or arising under any conditional sale or title retention agreement.

"Indemnified Person" has the meaning given to it in Section 6.11.

"Indemnified Taxes" means all Taxes including Other Taxes, other than Excluded Taxes.

"Indemnity" has the meaning given to it in Section 6.11.

"Insulin Inventory" means any insulin owned by the Borrower and its Subsidiaries and any licenses and other agreements relating to such insulin to which the Borrower or any of its Subsidiaries is a party, including without limitation, the agreements set forth on Schedule H of the Disclosure Letter.

"Insulin Subsidiary" means any direct or indirect Subsidiary of the Borrower or trust formed for the purpose of holding, financing or selling (or partnering with respect to) Insulin Inventory and whose primary assets consist of insulin, the capital stock of another Insulin Subsidiary or a combination of the foregoing and whose assets (other than the Insulin Inventory) do not relate to the development or commercialization of the Product.

"Interest Rate" means 9.75% simple interest per annum.

"IP" and "Intellectual Property" have the meanings given to them in Section 3.1(l).

"Lien" means any lien, pledge, preferential arrangement, mortgage, security interest, deed of trust, charge, assignment, hypothecation, title retention, privilege or other encumbrance on or with respect to property or interest in property having the practical effect of constituting a security interest, in each case with respect to the payment of any obligation with or from the proceeds of, any asset or revenue of any kind.

"Loss" has the meaning given to it in Section 6.11.

"Major Transaction" has the meaning set forth in Exhibit A.

"Major Transaction Notice" has the meaning given to it in Section 5.3.

"Major Transaction Put Date" means, with respect to any Major Transaction as to which a Put Notice was sent in accordance with Section 5.3, the date of the consummation of the applicable Major Transaction.

"Mann Debt" has the meaning set forth in clause (xviii) of the definition of Permitted Indebtedness.

"Mann Entities" has the meaning set forth in clause (A) of the definition of Major Transaction.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, financial condition or assets of the Borrower and its Subsidiaries, taken as a whole, (b) the validity or enforceability of any provision of any Transaction Document, (c) the ability of the Borrower to timely perform the Obligations or (d) the rights and remedies of the Purchasers, taken as a whole, under any Transaction Document; provided, however, that none of the following shall be deemed either alone or in combination to constitute, and none of the following shall be taken into account in determining whether there has been or would be, a Material Adverse Effect: (A) any adverse effect that results directly or indirectly from general economic, business, financial or market conditions; and (B) any adverse effect arising directly or indirectly from or otherwise relating to any of the industries or industry sectors in which the Borrower operates.

"Milestone Agreement" means the Milestone Rights Purchase Agreement, dated the Agreement Date, between the Borrower and the Milestone Purchasers.

"Milestone Purchasers" means Deerfield Private Design Fund II, L.P. and Horizon Santé FLML SARL.

"Net Sales" means the cumulative gross amount invoiced globally for the sale of the Product by the Borrower, its Affiliates and their respective licensees, less typical deductions for trade, cash and quantity discounts, credits, allowances, rebates, taxes, duties, governmental tariffs, freight, shipping and freight insurance charges, all as detailed to Purchasers on a quarterly basis.

"Note Purchase Request" has the meaning given to it in Section 2.2(b).

"Notes" means the secured convertible notes issued to the Purchasers pursuant to Section 2.2 hereof in the form of Exhibit B.

"Obligations" means all monetary or other obligations of the Borrower owing to the Purchasers and arising under or in connection with the Transaction Documents other than the Registration Rights Agreement.

"Oncology Assets" means any Intellectual Property and other assets related to the Borrower's oncology programs, including without limitation, the patents and trademarks set forth on Schedule 1 of the Disclosure Letter and any licenses relating to the foregoing.

"Oncology Subsidiary" means as any direct or indirect Subsidiary of the Borrower or trust formed for the purpose of holding, financing or selling (or partnering with respect to) Oncology Assets and whose primary assets consist of Oncology Assets, the capital stock of any other Oncology Subsidiary or any combination of the foregoing and whose assets do not relate to the development or commercialization of the Product.

"Organizational Documents" means the certificate of incorporation and by-laws of the Borrower, as amended.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, duties, other charges or similar levies, and all liabilities with respect thereto, together with any interest, fees, additions to tax or penalties applicable thereto (including by reason of any delay in payment) arising from any payment made hereunder or from the execution, delivery, registration or enforcement of, or otherwise with respect to, any Transaction Document.

"Percentage Allocation" has the meaning set forth in Section 2.2.

"Permitted Indebtedness" means:

(i) The Obligations;

(ii) Item (ii) under the definition of Indebtedness (including any adjustment of purchase price, earn out, indemnification and other similar obligations incurred in an acquisition) under the definition of Indebtedness;

(iii) Item (v) under the definition of Indebtedness;

(iv) Indebtedness evidenced by capital of finance leases or secured by purchase money Liens; provided that such Indebtedness when incurred by a Person shall not exceed the purchase price of the asset(s) financed, or in the case of capital or finance leases, the amount of Indebtedness evidenced thereby shall not exceed, at the time they were entered into, the lesser of cost or fair market value of the property so leased;

(v) Indebtedness acquired pursuant to an acquisition; provided that such Indebtedness is either (i) not incurred in contemplation of or in connection with such acquisition or (ii) constitutes Indebtedness owing to the seller of the assets acquired in such acquisition;

(vi) Indebtedness existing on the Agreement Date and set forth in the Disclosure Letter;

(vii) Hedging Obligations incurred in the ordinary course of business not for speculative purposes;

(viii) Indebtedness in respect of letters of credit in an aggregate outstanding amount not to exceed $500,000 at any time;

(ix) Letter of credit, performance bonds, surety bonds, bank guaranties and similar instruments incurred in the ordinary course of business;

(x) Guarantees with respect to Permitted Indebtedness;

(xi) Indebtedness (A) of the Borrower to any Wholly-Owned Subsidiary or (B) of any Wholly-Owned Subsidiary to Borrower or any other Wholly-Owned Subsidiary;

(xii) A working capital facility secured by Product Inventory, Product Receivables and the proceeds thereof in an aggregate principal amount not to exceed $35,000,000 until the Product achieves $250,000,000 in annualized Net Sales and in which the borrowing base thereunder is limited to not more than the sum of (a) eighty percent (80%) of Product Receivables (other than Product Receivables that are not paid within 90 days of the invoice due date, which shall not be more than 180 days from the invoice date) and (b) seventy percent (70%) of the lower of cost and market value of Product Inventory (other than Product Inventory in excess of a three month supply), and to the extent secured by any other assets, secured by such other assets pursuant to a Subordination Agreement.

(xiii) Unsecured Indebtedness to commercial partners incurred in connection with collaboration, licensing, joint venture or partnership arrangements relating to the Product or the Borrower's IP; provided, however, that if the aggregate outstanding principal amount of such unsecured Indebtedness exceeds $25 million, such Indebtedness is subject to a Subordination Agreement;

(xiv) Indebtedness incurred solely to purchase and/or construct a manufacturing facility primarily for the Product or the components of the Product and secured solely by such facility;

(xv) Unsecured Indebtedness incurred after the first commercial sale of the Product to a Person that is not an Affiliate of the Borrower on an arm's length basis in a principal amount not exceeding $100 million that (a) if provided by an Affiliate of the Borrower is at no more than a market interest rate, (b) provides for repayment of the outstanding principal amount only after the Notes are paid in full and (c) is subordinated to the Notes pursuant to a Subordination Agreement;

(xvi) The Borrower's 3.75% Senior Convertible Notes due 2013;

(xvii) The Borrower's 5.75% Senior Convertible Notes due 2015;

(xviii) Indebtedness owed to the Mann Entities, including pursuant to that certain Amended and Restated Promissory Note dated as of October 18, 2012 in favor of The Mann Group LLC as amended on the Agreement Date and as further amended, extended, renewed, restated or otherwise modified from time to time (the "Mann Debt"), provided that such Indebtedness is subject to a Subordination Agreement;

(xix) Indebtedness consisting of (A) the financing of insurance premiums or (B) take-or-pay obligations contained in supply agreements incurred as the ordinary course of business;

(xx) Indebtedness resulting from the deferral of license royalties or payments in an amount that does not increase the Borrower's obligation except to the extent of interest on deferred amounts at customary market rates;

(xxi) Indebtedness in respect of netting services, overdraft protections and other similar and customary services in connection with deposit accounts and cash management services and Indebtedness arising in the ordinary course of business in connection with any automated clearing house transfer of funds or the use of other payment processing services;

(xxii) Indebtedness in respect of business credit cards in the ordinary course of business that is paid within 30 days of its incurrence and does not exceed $2.5 million at any one time outstanding;

(xxiii) Guaranties of the obligations of suppliers and licensees of the Borrower incurred to third parties for the purpose of enabling such suppliers, customers and licensees to purchase products that will be supplied, or incorporated into products that will be supplied, to the Borrower by such supplier or licensee;

(xxiv) Indebtedness secured by Insulin; provided, however, that such debt shall not be payable or prepayable until the Obligations have been satisfied in full, shall have a market interest rate and shall not be subject to financial covenants; and

(xxv) Any refinancings, renewals, extensions, increases or replacements of Indebtedness listed above other than clauses (xvi), (xvii) and (xviii) so long as no such Indebtedness shall be refinanced at a market interest rate and for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing (plus the amount of any customary penalties, premiums and costs and expenses incurred therewith, including any original issue discount).

"Permitted Liens" means:

(i) Liens existing on the Agreement Date and set forth in the Disclosure Letter, and any renewals or extensions thereof, provided that the property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by the definition of Permitted Indebtedness;

(ii) Liens in favor of the Purchasers or of the Milestone Purchasers issued pursuant to the Milestone Agreement or Liens in favor of the Purchasers or the Milestone Purchasers under the Security Agreements;

(iii) Statutory Liens created by operation of Applicable Law;

(iv) Liens arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith by appropriate proceedings;

(v) Liens for taxes, assessments or governmental charges or levies not overdue by more than 30 days and payable or that are being contested in good faith by appropriate proceedings;

(vi) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default;

(vii) Liens in favor of financial institutions arising in connection with accounts maintained in the ordinary course of the Borrower's and its Subsidiaries' business held at such institutions to secure standard fees for services charged by, but not financing made available by, such institutions;

(viii) Liens securing Indebtedness permitted pursuant to clauses (iii),(iv),(v), (vi), (vii), (viii), (xii)(subject to the provisions of Section 7.17 of the Guaranty and Security Agreement), (xiv), (xix), (xxi) and (xxiii), and (xxiv) of the definition of Permitted Indebtedness;

(ix) Lessor liens;

(x) Pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(xi) Liens in the nature of deposits, or liens on deposit accounts, to secure (i) the performance of tenders, bids, trade and commercial contracts, licenses and leases, statutory obligations, surety bonds, performance bonds, bank guaranties and other obligations of a like nature incurred in the ordinary course of business (including earnest money deposits in respect of any asset acquisition) or (ii) indemnification obligations relating to any disposition; provided that such Liens do no secure Indebtedness for borrowed money;

(xii) "Permitted Exceptions (as defined in the CT Mortgages)"

(xiii) Leases, licenses or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries;

(xiv) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code (or equivalent in foreign jurisdictions) on items in the course of collection;

(xv) Licenses of Intellectual Property permitted under this Agreement and not interfering in any material respect with the ordinary conduct of business of the Borrower and its Subsidiaries;

(xvi) Good faith deposits required in connection with any acquisition;

(xvii) To the extent constituting a Lien, escrow arrangements securing indemnification obligations associated with any acquisition;

(xviii) Liens (i) on advances of cash or cash equivalents in favor of the seller of any property to be acquired by the applicable Person to be applied against the purchase price for such acquisition; provided that (x) the aggregate amount of such advances shall not exceed the purchase price of such acquisition and (y) the property is acquired within 90 days following the date of the first such advance so made; and (ii) consisting of an agreement to dispose of any property in a disposition of assets, in each case, solely to the extent such acquisition or disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(xix) Liens on cash collateral securing reimbursement obligations of the applicable Person under letters of credit;

(xx) Deposits as security for contested taxes or contested import or customs duties;

(xxi) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(xxii) Liens on cash collateral and deposits securing obligations in respect of credit card and/or purchase card arrangements and payment processing services;

(xxiii) Liens on property (including capital interests) of a person existing at the time such Person is merged with or into or consolidated with the Borrower or any of its Subsidiaries, or becomes a direct or indirect Subsidiary of the Borrower or its Subsidiaries;

(xxiv) To the extent it is a Lien, any grant, license or option to obtain a license that falls within the scope of clause (a) of the Excluded Transaction definition;

(xxv) Liens consisting of (y) any agreement, grant or option to sell, transfer or dispose of any asset to the extent such sale, transfer or disposition is not prohibited by the Transaction Documents or (z) cash advances in favor of the seller of any property to be acquired; and

(xxvi) Liens not otherwise permitted hereunder in respect of obligations in an aggregate amount not to exceed $500,000 at any time outstanding.

"Person" means and includes any natural person, individual, partnership, joint venture, corporation, trust, limited liability company, limited company, joint stock company, unincorporated organization, government entity or any political subdivision or agency thereof, or any other entity.

"Phase III Data" means data relating to the Borrower's Phase III clinical trials 171 and 175 of the Product.

"Principal Market" means each of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market.

"Product" means AFREZZA® (insulin human [rDNA origin]) inhalation powder as specified in New Drug Application No. 22-472 filed with the FDA and any bioequivalent thereto.

"Product Inventory" has the meaning given to it in the Guaranty and Security Agreement

"Product Receivables" has the meaning given to it in the Guaranty and Security Agreement.

"Put Notice" has the meaning given to it in Section 5.3.

"Put Price" has the meaning given to it in Section 2.3(d).

"Register" has the meaning given to it in Section 1.4(b).

"Registration Rights Agreement" means the Registration Rights Agreement, dated the Agreement Date, between the Borrower and the Purchasers.

"Required Purchasers" means Purchasers holding at least a majority of the principal amount of outstanding Notes plus, prior to the issuance of the Tranche 4 Notes, the principal amount of the remaining commitments to purchase Notes on Subsequent Purchase Dates.

"Rights" has the meaning set forth in Section 6.10.

"SEC" means the United States Securities and Exchange Commission.

"SEC Reports" means the annual and quarterly periodic and current reports filed by the Borrower with the SEC.

"Securities Act" means the Securities Act of 1933, as amended, including rules and regulations promulgated thereunder.

"Security Agreements" means (1) the Guaranty and Security Agreement, (2) the CT Mortgage, and (3) the CA Deed of Trust.

"Significant Subsidiary" means a Subsidiary that would constitute a "significant subsidiary" as such term is defined under Rule 1-02 of Regulation S-X under the Exchange Act as in effect on the Agreement Date.

"Subordination Agreement" means a subordination agreement in form and substance reasonably acceptable to the Required Purchasers.

"Subsequent Purchase Date" has the meaning set forth in Section 2.2(b).

"Subsidiary or Subsidiaries" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Borrower.

"Successor Entity" means any successor to the Borrower resulting from a Major Transaction.

"Tax Affiliate" means (a) the Borrower and its Subsidiaries and (b) any Affiliate of the Borrower with which the Borrower files or is required to file consolidated, combined or unitary Tax returns.

"Taxes" means all present or future taxes, levies, imposts, stamp or other duties, fees, assessments, deductions, withholdings, all other governmental charges, and all liabilities with respect thereto, together with any interest, fees, additions to tax or penalties applicable thereto (including by reason of any delay in payment).

"Trading Day" means any day on which the Common Stock is traded for any period on the Principal Market.

"Tranche 1 Notes" means Notes in a principal amount of $40,000,000.

"Tranche 2 Notes" means Notes in a principal amount of $40,000,000.

"Tranche 2 Requirement" means that the Phase III Data reported by the Borrower (i) showed achievement of the primary efficacy endpoint(s) specified in Section 9.7.1 of each of Protocol TI-171 and TI-175 when analyzed according to the respective final amended statistical analysis plans in effect prior to the unblinding of the Phase III Data (and showing, at a minimum, that (a) in Study 171 the mean change in A1c levels in the Afrezza-Gen2 group is non-inferior to that observed in the insulin aspart group with a predetermined delta of 0.4%, and (b) in Study 175

the mean change in A1c level in the Afrezza group is superior to that observed in the placebo group), and (ii) did not show any adverse safety issue that would reasonably be expected to prevent approval of the Product.

"Tranche 3 Notes" means Notes in a principal amount of $40,000,000.

"Tranche 4 Notes" means Notes in a principal amount of $40,000,000.

"Transaction Documents" means this Agreement, the Notes, the Security Agreements, the Registration Rights Agreement, the CA Deed of Trust and the CT Mortgage and any other document delivered in connection with any of the foregoing and dated the Agreement Date or subsequent thereto, whether or not specifically mentioned herein or therein, but excluding the Milestone Agreement and any milestone rights issued thereunder.

"Updated Surveys" has the meaning given to it in Section 5.1(f).

"Volume Weighted Average Price" for any security as of any Trading Day means (a) the volume weighted average sale price of such security on the principal U.S. national or regional securities exchange on which such security is traded as reported by Bloomberg Financial Markets or an equivalent, reliable reporting service mutually acceptable to and hereinafter designated by the Required Purchasers and the Borrower ("Bloomberg") or (b), if no volume weighted average sale price is reported for such security, then the closing price per share of such security, or, if no closing price per share is reported for such security by Bloomberg, the average of the last bid and last ask price (or if more than one in either case, the average of the average last bid and average last ask prices) on such Trading Day as reported in the composite transactions for the principal U.S. national or regional securities exchange on which such security is traded. If the security is not listed for trading on a U.S. national or regional securities exchange on the relevant Trading Day, then the Volume Weighted Average Price will be the average of the mid-point of the last bid and last ask prices of the security in the over-the-counter market on the relevant Trading Day as reported by the OTC Markets Group, Inc. or similar organization. If the Volume Weighted Average Price cannot be calculated for such security on such date in the manner provided above, the Volume Weighted Average Price shall be the fair market value as mutually determined by the Borrower and the Purchasers negotiating in good faith. Volume Weighted Average Price will be determined without regard to after-hours trading or any other trading outside of the regular trading hours.

"Wholly-Owned Subsidiary" means (a) any corporation 100% of whose equity interests (other than, in the case of any Foreign Subsidiary, directors' qualifying shares and other similar shares required to be issued pursuant to Applicable Laws of the jurisdiction of organization of such Subsidiary) are at the time owned by the Borrower and/or one or more Wholly-Owned Subsidiaries, and (b) any partnership, association, joint venture, limited liability company or other entity in which the Borrower and/or one or more Wholly-Owned Subsidiaries have 100% equity interests at such time (other than, in the case of any Foreign Subsidiary, director's or manager's qualifying interests and other similar interests required to be issued pursuant to Applicable Laws of the jurisdiction of organization of such Subsidiary).

Section 1.2 Interpretation. In this Agreement, unless the context otherwise requires, all words and personal pronouns relating thereto shall be construed as the number and gender of the party or parties requires and the verb shall be read and construed as agreeing with the required word and pronoun; the division of this Agreement into Sections and the use of captions is for convenience of reference only and shall not modify or affect the interpretation of this Agreement; the words "herein," "hereof," "hereunder" and "hereto" and words of similar import refer to this Agreement as a whole and not to any particular Article or Section hereof; the words "include," "including," and derivations thereof shall be deemed to have the phrase "without limitation" attached thereto; references to a specified Article, Exhibit, Section or Schedule shall be construed as a reference to that specified Article, Exhibit, Section or Schedule; and any reference to any Transaction Document means such document as the same shall be amended, supplemented or modified and from time to time in effect.

Section 1.3 Business Day Adjustment. If the day by which a payment is due to be made is not a Business Day, that payment shall be made by the next succeeding Business Day unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made by the Business Day immediately preceding the day by which such payment is due to be made.

Section 1.4 Register.

(a) The Borrower shall record on its books and records the amount of the Notes, the interest rate applicable, all payments of principal and interest thereon and the principal balance thereof from time to time outstanding. Such record shall, absent manifest error, be conclusive evidence of the principal amount of the Notes outstanding and the interest and payments thereon.

(b) The Borrower shall establish and maintain at its address referred to in Section 6.1, a record of ownership (the "Register") in which the Borrower agrees to register by book entry the interests (including any rights to receive payment) hereunder in the Notes of each Purchaser, and any assignment of any such interest, and accounts in the Register in accordance with its usual practice in which it shall record (1) the names and addresses of the Purchasers (and any change thereto pursuant to this Agreement), (2) the principal amount of the Notes outstanding and each funding of any participation therein, (3) the amount of any principal or interest due and payable or paid, and (4) any other payment received by the Purchasers from the Borrower and its application to the Notes.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Notes are registered obligations, the right, title and interest of the Purchasers and their assignees in and to the Notes shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. This Section 1.4 shall be construed so that the Notes are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

(d) The Borrower and the Purchasers shall treat each Person whose name is recorded in the Register as a Purchaser for all purposes of this Agreement. Information contained in the Register with respect to any Purchaser shall be available for access by the Borrower or such Purchaser at any reasonable time and from time to time upon reasonable prior notice.

ARTICLE 2

THE NOTES

Section 2.1 Use of Proceeds. The proceeds from the issuance and sale of the Notes will be used for working capital, and other lawful corporate purposes.

Section 2.2 Issuance and Sale of Notes. Subject to the conditions set forth in Article 4 and this Section 2.2:

(a) On the Agreement Date, each Purchaser shall purchase the Tranche 1 Notes from the Borrower, and the Borrower shall issue the Tranche 1 Notes to such Purchaser, in a principal amount equal to such Purchaser's Percentage Allocation.

(b) The subsequent purchases of Notes shall consist of the Tranche 2 Notes, the Tranche 3 Notes and the Tranche 4 Notes. Each subsequent purchase shall be made upon the Borrower's request (a "Note Purchase Request") in the form of Schedule 1, delivered to the Purchasers from time to time not fewer than 15 Business Days prior to the date designated by the Borrower in the Note Purchase Request for such purchase (a "Subsequent Purchase Date"); provided, however, that the Subsequent Purchase Date shall be no earlier than the second Business Day of the month following the month in which the Note Purchase Request is delivered. The Purchasers shall fulfill each Note Purchase Request thereafter in accordance with their respective percentage allocations set forth on Schedule 2, as such percentage allocations may be revised by the Purchasers from time to time so long as the aggregate percentage allocations for the Purchasers shall remain 100% (the "Percentage Allocation"). The Borrower shall be obligated to deliver Note Purchase Requests for the Tranche 2 Notes, the Tranche 3 Notes and the Tranche 4 Notes at the earlier to occur of the satisfaction of the conditions set forth for the applicable tranche of Notes in Section 4.1 or the waiver by the Purchasers of such conditions; provided that the Borrower may not deliver a Note Purchase Request after December 30, 2014.

(c) On each Subsequent Purchase Date, each Purchaser shall purchase the applicable Note issuable on such date, and the Borrower shall issue such Note to such Purchaser, in a principal amount equal to such Purchaser's Percentage Allocation of the Notes.

(d) On the Agreement Date and on each Subsequent Purchase Date (i) each Purchaser shall deliver to the Borrower by wire transfer funds to a deposit account specified by the Borrower, an amount in readily available funds equal to the purchase price payable by such Purchaser for the Note purchased by such Purchaser on such date; and (ii) the Borrower shall issue and deliver to each Purchaser a Note in the principal amount of the Note purchased by such Purchaser on such date.

Section 2.3 Payment of the Notes.

(a) The Borrower shall repay to the Purchasers 25% of the initial outstanding principal amount of the Tranche 1 Note on the third, fourth, fifth and sixth anniversaries of the Agreement Date. If any other tranche of Notes are issued, the Borrower shall repay to the Purchasers 25% of the initial outstanding principal amount of such tranche of Notes on the applicable third, fourth, fifth and sixth anniversaries of the applicable dates such tranche of Notes was issued. For the purpose of calculating the amount to be paid by the Borrower under this Section 2.3(a), the initial outstanding principal amount of each tranche of Notes shall be reduced by the amount of any principal of such Notes that any Purchaser elects to convert into Common Stock of the Borrower in accordance with the terms of the Notes.

(b) The Borrower shall repay to the Purchasers the outstanding principal amount of the Notes on the earlier to occur of (i) the Final Payment Date, (ii) the date the principal amount of the Notes is due and payable following an Event of Default and (iii) the Major Transaction Put Date. Each payment under this Section 2.3(b) shall be applied first, to accrued and unpaid interest and second, to principal and shall be allocated among the Purchasers in accordance with the Percentage Allocation.

(c) If the Tranche 2 Conditions have not been satisfied on or prior to the public release by the Borrower of the Phase III Data, the Borrower shall have the right, but not the obligation, exercisable by notice delivered to the Purchasers within 60 days after the release of such data, to prepay the outstanding principal amount of the Tranche 1 Notes for an amount equal to 110% of such principal amount, plus the payment of all accrued, unpaid interest to the date of payment. The Borrower shall not be able to prepay the Notes other than as set forth in this Section 2.3(c) or in Section 2.3(d).

(d) On a Major Transaction Put Date, the Borrower shall prepay the Notes in full by paying Purchasers simultaneously with the consummation of the Major Transaction an amount (the "Put Price") equal to the sum of the outstanding principal amount of the Notes plus all interest accrued and unpaid on such date.

Section 2.4 Manner of Payments. Payments of any amounts due to the Purchasers under the Notes or this Agreement shall be made in Dollars in immediately available funds prior to 11:00 a.m. New York City time on such date that any such payment is due, at such financial institution as the Purchasers shall from time to time designate in writing at least 5 Business Days prior to the date such payment is due. The Borrower shall pay all costs (administrative or otherwise) imposed by any financial institution in connection with making any payments under the Notes or this Agreement, except for any costs imposed by the Purchasers' banking institutions.

Section 2.5 Taxes, Duties and Fees.

(a) Any and all payments hereunder or under any other Transaction Document shall be made, in accordance with this Section 2.5, free and clear of and without deduction for any and all present or future Indemnified Taxes except as required by applicable law. If Borrower shall be required by law to deduct any Indemnified Taxes from or in respect of any

sum payable hereunder or under any other Transaction Document, (i) the sum payable shall be increased by as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.5) each Purchaser shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within thirty (30) days after the date of any payment of such Taxes, Borrower shall furnish to the applicable Purchaser the original or a certified copy of a receipt evidencing payment thereof or other written evidence of such payment reasonably satisfactory to such Purchaser.

(b) In addition, Borrower agrees to pay, and authorizes each Purchaser to pay in its name, all Other Taxes. Within 30 days after the date of any payment of Other Taxes, Borrower shall furnish to the applicable Purchaser the original or a certified copy of a receipt evidencing payment thereof or other evidence of such payment reasonably satisfactory to such Purchaser.

(c) Borrower shall reimburse and indemnify, within 10 days after receipt of demand therefor, each Purchaser for all Indemnified Taxes (including all Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.5(c)) paid by such Purchaser, whether or not such Indemnified Taxes were correctly or legally asserted. A certificate of the applicable Purchaser(s) setting forth the amounts to be paid thereunder and delivered to Borrower shall be conclusive, binding and final for all purposes, absent manifest error.

(d) Each Purchaser (other than a Foreign Person (as hereinafter defined)) shall provide to Borrower a properly completed and executed IRS Form W-9 certifying that such Purchaser is organized under the laws of the United States and is not subject to U.S. backup withholding Tax. Each Purchaser organized under the laws of a jurisdiction outside the United States (a "Foreign Person") that is entitled to an exemption from or reduction in U.S. withholding tax shall provide Borrower with a properly completed and executed IRS Form W-8ECI, W-8BEN, W-8IMY or other applicable form, or any other applicable certificate or document reasonably requested by the Borrower certifying such exemption or reduction (including without limitation, the W-8BEN-E when adopted or such other form as may be necessary for the Company to comply with its obligations under FATCA and to determine whether the Foreign Person has complied with its obligations under FATCA, and if the Foreign Person is a disregarded entity for United States tax purposes, then the applicable certificate or document shall be provided by the non-disregarded owner of any entity disregarded for United States tax purposes if and as required by applicable law), and, if such Foreign Person is relying on the portfolio interest exception of Section 871(h) or Section 881(c) of the Code (or any successor provision thereto), shall also provide the Borrower with a certificate (the "Portfolio Interest Certificate") representing that such Foreign Person is not a "bank" for purposes of

Section 881(c) of the Code (or any successor provision thereto), is not a 10% holder of the Borrower described in Section 871(h)(3)(B) of the Code (or any successor provision thereto), and is not a controlled foreign corporation receiving interest from a related person (within the meaning of Sections 881(c)(3)(C) and 864(d)(4) of the Code, or any successor provisions thereto). Each Purchaser shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and shall promptly notify the Borrower of any change in circumstances which would modify or render invalid any claimed exemption or reduction. Provided that the Borrower receives from Deerfield Private Design International II, L.P., properly completed and executed IRS forms indicating its status as a Foreign Person (together with such additional IRS forms, if any, as may be required to be delivered with respect to its beneficial owners) and the Portfolio Interest Certificate and (if and when such certification is required under applicable U.S. tax law in order to avoid withholding due to FATCA) such further certification as is necessary to establish its exemption from withholding under FATCA, Borrower shall not withhold on any payments to such Purchaser under this Agreement under the U.S. tax laws currently in effect. Any forms provided by a Purchaser pursuant to this Section shall be updated or replaced by such Purchaser if and when required by law.

(e) If a Purchaser determines in good faith that it has received a refund from a Government Authority of any Indemnified Taxes previously paid or reimbursed by Borrower, such Purchaser shall promptly pay such refund to the Borrower, net of all out-of-pocket expense (including any Taxes imposed thereon) of such Purchaser incurred in obtaining such refund, provided that the Borrower, upon the request of such Purchaser, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Purchaser if such Purchaser is required to repay such refund to such Governmental Authority. Nothing in this Section shall require any Purchaser to disclose any information it deems confidential (including, without limitation, its tax returns) to any Person, including Borrower.

Section 2.6 Costs, Expenses and Losses. If, as a result of any failure by the Borrower to pay any sums due under this Agreement on the due date therefor (after the expiration of any applicable grace periods), or to issue Notes in accordance with the Note Purchase Requests (other than as a result of a breach by a Purchaser), the Purchasers shall incur costs, expenses and/or losses, by reason of the liquidation or redeployment of deposits from third parties or in connection with obtaining funds to purchase Notes, the Borrower shall pay to the Purchasers upon their request the amount of such costs, expenses and/or losses within fifteen (15) days after receipt by it of a certificate from the Purchasers setting forth in reasonable detail such costs, expenses and/or losses, along with supporting documentation. For the purposes of the preceding sentence, “costs, expenses and/or losses” shall include, without limitation, any interest paid or payable to carry any unpaid amount and any loss, premium, penalty or expense which may be incurred in obtaining, liquidating or employing deposits of or borrowings from third parties in order to purchase Notes or any portion thereof.

Section 2.7 Interest. The outstanding principal amount of the Notes shall bear interest at the Interest Rate (calculated on the basis of the actual number of days elapsed). Accrued interest shall be paid commencing on September 30, 2013 and thereafter quarterly in arrears on the last Business Day of each December, March, June and September thereafter.

Section 2.8 Interest on Late Payments. Without limiting the remedies available to the Purchasers under the Transaction Documents or otherwise, to the maximum extent permitted by Applicable Laws, if the Borrower fails to make a required payment of principal or interest with respect to the Notes when due (after the expiration of any applicable grace periods), the Borrower shall pay, in respect of such principal and interest at the rate per annum equal to the Interest Rate plus ten percent (10%) for so long as such payment remains outstanding. Such interest shall be payable on demand.

Section 2.9 Fee and Costs. The Borrower will reimburse the Purchasers within thirty (30) days of an invoice from the Purchasers, subject to a maximum amount of $500,000, for reasonable, documented expenses for attorneys, accountants and other professional advisors, and other out-of-pocket expenses incurred by the Purchasers in connection with their due diligence, negotiation and documentation of the transactions contemplated by the Transaction Documents; provided, however, that the fees and expenses of any independent consultant retained in connection with the Tranche 2 Requirement shall not exceed $20,000 plus travel and travel time if any necessary and relevant data is not provided in an electronic data room. At the Purchasers' election, such reimbursed amounts may be deducted from the aggregate purchase price for the Tranche 1 Notes.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Borrower. The Borrower represents and warrants as of the Agreement Date and the date of each Subsequent Purchase Date that except as set forth in the Disclosure Letter or in the Borrower's SEC Reports:

(a) The Borrower is conducting its business in compliance with its Organizational Documents, which are in full force and effect.

(b) No Default or Event of Default (or any other default or event of default, however described) has occurred under any of the Transaction Documents.

(c) The Borrower (i) is capable of paying its debts as they fall due, is not unable and has not admitted its inability to pay its debt as they fall due, (ii) is not bankrupt or insolvent and (iii) has not taken action, and no such action has been taken by a third party, for the Borrower's winding up, dissolution, or liquidation or similar executory or judicial proceeding or for the appointment of a liquidator, custodian, receiver, trustee, administrator or other similar officer for such Credit Party or any or all of its assets or revenues.

(d) As of the date hereof, no Lien exists on its assets, except for Permitted Liens.

(e) Its obligation to make any payment under the Notes (together with all charges in connection therewith) is absolute and unconditional, and there exists no right of setoff or recoupment, counterclaim, cross-claim or defense of any nature whatsoever to any such payment.

(f) No Indebtedness of the Borrower exists other than Permitted Indebtedness.

(g) The Borrower is validly existing as a corporation in good standing under the laws of Delaware. It has full power and authority to own its properties and conduct its business, and is duly qualified to do business as a foreign entity and is in good standing (or equivalent concept) in each jurisdiction in which the conduct of its business makes such qualification necessary and in which the failure to so qualify would reasonably be expected to have a Material Adverse Effect.

(h) There is not pending or, to its knowledge, threatened in writing, any action, suit or other proceeding before any Government Authority that would reasonably be expected to have a Material Adverse Effect (a) to which the Borrower is a party or (b) which has as the subject thereof any assets owned by the Borrower. There are no current or, to the knowledge of the Borrower, pending, legal, governmental or regulatory enforcement actions, suits or other proceedings to which the Borrower or any of its assets is subject that would reasonably be expected to have a Material Adverse Effect.

(i) The Transaction Documents have been duly authorized, executed and delivered by the Borrower, and constitute the valid, legal and binding obligation of the Borrower enforceable in accordance with their terms, except as such enforceability may be limited by (i) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (ii) applicable equitable principles (whether considered in a proceeding at law or in equity). The execution, delivery and performance of the Transaction Documents by the Borrower and the consummation of the transactions therein contemplated will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien upon any assets of the Borrower pursuant to, any agreement to which the Borrower is a party or by which the Borrower is bound or to which any of the assets of the Borrower are subject, (B) result in any violation of or conflict with the provisions of the Organizational Documents or (C) result in the violation of any law or any judgment, order, rule, regulation or decree of any Governmental Authority, except in the cases of clauses (A) and (C) above, for any such violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No consent, approval, authorization or order of, or registration or filing with any Government Authority is required for the execution, delivery and performance of any of the Transaction Documents or for the consummation by the Borrower of the transactions contemplated by the Transaction Documents. The Borrower has the corporate power and authority to enter into the Transaction Documents and to consummate the transactions contemplated under the Transaction Documents, except for registrations and filings in connection with the issuance of the shares of Common Stock pursuant to the Transaction Documents, filings, recordings or registrations contemplated by the Security Agreements and filings necessary to comply with laws, rules, regulations and orders required in the ordinary course of business.

(j) [Reserved]

(k) The Borrower has good and marketable title to all of its material assets free and clear of all Liens except Permitted Liens. To the knowledge of the Borrower, the material property held under lease by the Borrower is held under valid, subsisting and enforceable leases with only such exceptions with respect to any particular lease as do not interfere in any material respect with the conduct of the business of the Borrower.

(l) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Borrower owns or has the right to use pursuant to a valid and enforceable written license, implied license or other legally enforceable right, all of the Intellectual Property (as defined below) that is necessary to manufacture and sell the Product within the United States (the "IP") (other than, prior to its receipt, FDA approval) and to conduct its business as currently conducted. Except as disclosed in the Disclosure Letter, there is no outstanding or pending, or, to the knowledge of the Borrower, threatened in writing action, suit, other proceeding or claim by any third person challenging or contesting the validity, scope, use, ownership, enforceability, or other rights of Borrower in or to, (i) as of the Agreement Date, any IP, and (ii) as of any other date, any material IP, and the Borrower has not received any written notice regarding, any such action, suit, or other proceeding. The Borrower has not infringed or misappropriated any material rights of others, except as would not reasonably be expected to have a Material Adverse Effect. As of the Agreement Date, except as disclosed in the Disclosure Letter, there is no pending or, to the knowledge of the Borrower, threatened action, suit, other proceeding or claim by others that the Borrower infringes upon, violates or uses the Intellectual Property rights of others without authorization, and the Borrower has not received any written notice regarding, any such action, suit, other proceeding or claim. The term "Intellectual Property" as used herein means (i) all patents, patent applications, patent disclosures and inventions (whether patentable or unpatentable and whether or not reduced to practice), (ii) all trademarks, service marks, trade dress, trade names, slogans, logos, and corporate names and Internet domain names, together with all of the goodwill associated with each of the foregoing, (iii) copyrights, copyrightable works, and licenses, (iv) registrations and applications for registration for any of the foregoing, (v) computer software (including but not limited to source code and object code), data, databases, and documentation thereof, (vi) trade secrets and other confidential information, (vii) other Intellectual Property, and (viii) copies and tangible embodiments of the foregoing (in whatever form and medium).

(m) No event has occurred which, with notice or lapse of time or both, would constitute such breach or other default in the performance of any agreement or condition contained in any agreement under which it may be bound, or to which any of its assets is subject, except for such breaches or defaults as would not reasonably be expected to have a Material Adverse Effect.

(n) All of the issued and outstanding shares of capital stock of the Borrower are duly authorized and validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state and foreign securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities that have not been waived in writing; the Notes and the Conversion Shares (as defined in the Notes), have been duly authorized and the Conversion Shares, when issued, delivered and paid for in accordance with the terms of the Notes, will have been validly issued and will be fully paid and nonassessable. There are no preemptive rights or other rights to subscribe for or to purchase, or

any restriction upon the voting or transfer of any shares of Common Stock issuable upon conversion of the Notes pursuant to the Organizational Documents or any agreement to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries is bound. As of the date of this Agreement, all of the issued and outstanding shares of capital stock of each of the Borrower's Subsidiaries have been duly and validly authorized and issued and, in the case of a corporation that is not a Foreign Subsidiary, are fully paid and nonassessable, and the Borrower owns of record and beneficially, free and clear of any claims, Liens (other than Permitted Liens) and voting proxies, all of the issued and outstanding shares of such stock.

(o) Neither the Borrower nor any of its Subsidiaries, or any of its or their Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Notes and/or the Conversion Shares.

(p) Assuming the accuracy of each of the representations and warranties set forth in Section 3.3, none of the Borrower, its Subsidiaries, any of their Affiliates, and any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Notes or the Conversion Shares under the Securities Act, whether through integration with prior offerings or otherwise, or cause this offering of the Notes and Conversion Shares to require approval of stockholders of the Borrower for purposes of any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Borrower are listed or designated. None of the Borrower, its Subsidiaries, their Affiliates and any Person acting on their behalf will take any action or steps referred to in the preceding sentence that would require registration of the issuance of any of the Notes or the Conversion Shares under the Securities Act or cause the offering of the Notes and Conversion Shares to be integrated with other offerings for purposes of any such applicable stockholder approval provisions.

(q) All U.S. federal, state, local and foreign income and franchise and other material Tax returns, reports and statements (collectively, the "Tax Returns") required to be filed by any Tax Affiliates have been filed with the appropriate Government Authorities or extensions thereof, all such Tax Returns are true and correct in all material respects, and all Taxes, assessments and other governmental charges and impositions reflected therein and all other material Taxes, assessments and other governmental charges otherwise due and payable have been paid prior to the date on which any liability may be added thereto for non-payment thereof except for those contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are maintained on the books of the appropriate Tax Affiliate in accordance with GAAP. As of the Agreement Date, no material Tax Return of the Borrower or any of its Subsidiaries is under audit or examination by any Governmental Authority, and no notice of any audit or examination or any assertion of any material claim for Taxes has been given or made in writing to the Borrower or any of its Subsidiaries by any Government Authority. Each Tax Affiliate has properly withheld all material amounts required to be withheld by such Tax Affiliate from its respective employees for all periods in full and complete compliance with the Tax, social security and unemployment withholding provisions of

Applicable Laws and such withholdings have been timely paid to the respective Government Authorities. No Tax Affiliate has participated in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b) or has been a member of an affiliated, combined or unitary group other than the group of which a Tax Affiliate is the common parent.

(r) As of the Agreement Date, the Borrower has not granted rights to develop, manufacture, produce, assemble, distribute, license, market or sell its products, services or Intellectual Property to any other Person except in the ordinary course of business and is not bound by any agreement that affects the right of the Borrower to develop, manufacture, produce, assemble, distribute, license, market or sell its products, services or Intellectual Property except in the ordinary course of business.

(s) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in each case in clauses (A) through (C), the Borrower: (A) has not received any warning letter or other correspondence or notice from the FDA or from any other Government Authority as of the Agreement Date alleging or asserting noncompliance with Applicable Laws; (B) except for approval from the FDA and other Governmental Authorities to market and sell the Product, possesses all licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any Applicable Laws (together, the "Authorizations"), which are valid and in full force and effect and has not received any notice from the FDA or any other Government Authority as of the Agreement Date alleging or asserting noncompliance with any Authorizations; and (C) has not received written notice that any Government Authority has taken, is taking, or intends to take action to limit, suspend, modify or revoke any Authorization and has no knowledge that any Government Authority is considering such action.

(t) The unaudited financial statements of the Borrower dated as of March 31, 2013 filed with the SEC, together with the related notes, fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of operations and changes in cash flows for the periods therein specified in conformity with GAAP consistently applied throughout the periods involved, subject to year-end adjustments; and, except as disclosed therein, there are no material off-balance sheet arrangements or any other relationships with unconsolidated entities or other persons, that may have a material current or, to the Borrower's knowledge, material future effect on its financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenue or expenses.

(u) The Borrower maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for material assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) (i) To the knowledge of the Borrower, no "prohibited transaction" as defined under Section 406 of ERISA or Section 4975 of the Code and not exempt under ERISA Section 408 and the regulations and published interpretations thereunder or any individual or class exemption issued under ERISA or the Code has occurred with respect to any Employee Benefit Plan, except as for such transaction that would not have a Material Adverse Effect, (ii) at no time within the last seven (7) years has the Borrower or any ERISA Affiliate maintained, sponsored, participated in, contributed to or has or had any liability or obligation in respect of any Employee Benefit Plan subject to Section 302 of ERISA, Title IV of ERISA, or Section 412 of the Code or any "multiemployer plan" as defined in Section 3(37) of ERISA or any multiple employer plan for which the Borrower or any ERISA Affiliate has incurred or could incur liability under Section 4063 or 4064 of ERISA, (iii) no Employee Benefit Plan represents any current or future liability for retiree health, life insurance, or other retiree welfare benefits except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or similar state law, (iv) to the knowledge of the Borrower, each Employee Benefit Plan is and has been operated in compliance with its terms and all Applicable Laws, including but not limited to ERISA and the Code, except for such failures to comply that would not have a Material Adverse Effect, (v) to the knowledge of the Borrower, no event has occurred (including a "reportable event" as such term is defined in Section 4043 of ERISA) and no condition exists that would subject the Borrower or any ERISA Affiliate to any tax, fine, lien, penalty or liability imposed by ERISA, the Code or other Applicable Law, except for any such tax, fine, lien, penalty or liability that would not, individually or in the aggregate, have a Material Adverse Effect, (vi) the Borrower does not maintain any Foreign Benefit Plan, (vii) the Borrower does not have any obligations under any collective bargaining agreement. As used in this clause (s), "Employee Benefit Plan" means any material "employee benefit plan" within the meaning of Section 3(3) of ERISA, including, without limitation, all stock purchase, stock option, stock-based severance, employment, change-in-control, medical, disability, fringe benefit, bonus, incentive, deferred compensation, employee loan and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA, under which (A) any current or former employee, director or independent contractor of the Borrower or any of its Subsidiaries has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Borrower or any of its respective Subsidiaries or (B) the Borrower or any of its Subsidiaries has had or has any present or future obligation or liability; "ERISA" means the Employee Retirement Income Security Act of 1974, as amended; "ERISA Affiliate" means any member of the Borrower's controlled group as defined in Code Section 414 (b), (c), (m) or (o); and "Foreign Benefit Plan" means any Employee Benefit Plan established, maintained or contributed to outside of the United States of America or which covers any employee working or residing outside of the United States of America.

(w) Subsequent to March 31, 2013 through the Agreement Date, neither the Borrower nor any of its Subsidiaries has declared or paid any dividends or made any distribution of any kind with respect to its capital stock except pursuant to equity incentive plans and employee stock purchase plans; and there has not been any change in its capital stock (other than a change in the number of outstanding shares of Common Stock), or any issuance of options, warrants, convertible securities or other rights to purchase the capital stock of the Borrower or any of its Subsidiaries except pursuant to equity incentive plans and employee stock purchase plans.

(x) As of the Agreement Date, the Borrower has no Subsidiaries except as set forth in the Disclosure letter.

Section 3.2 Borrower Acknowledgment. The Borrower acknowledges that it has made the representations and warranties in Section 3.1 with the intention of persuading the Purchasers to enter into the Transaction Documents and that the Purchasers have entered into the Transaction Documents on the basis of, and in full reliance on, each of such representations and warranties.

Section 3.3 Representations and Warranties of the Purchasers. Each Purchaser represents and warrants to the Borrower that:

(a) Such Purchaser is duly organized and validly existing under the laws of the jurisdiction of its formation.

(b) Each Transaction Document to which it is a party has been duly authorized, executed and delivered by such Purchaser and constitutes its valid and legally binding obligation, enforceable in accordance with its terms, except as such enforceability may be limited by (i) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (ii) applicable equitable principles (whether considered in a proceeding at law or in equity).

(c) Such Purchaser has full power and authority to purchase the Notes on the Agreement Date and each Subsequent Purchase Date and to enter into and perform its other obligations under each of the Transaction Documents and carry out the other transactions contemplated thereby.

(d) Such Purchaser is acquiring the Notes for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, such Purchaser does not agree, or make any representation or warranty, to hold any of the Notes for any minimum or other specific term and reserves the right to dispose of the Notes at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. Such Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Notes in violation of applicable securities laws. As used in this paragraph, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(e) Such Purchaser understands that the Notes are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Borrower is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Notes.

(f) Such Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to bear the economic risks of its investment. The Notes must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption for such registration is available.

(g) The Notes may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met, including, among other things, the availability of certain current public information about the Borrower and the resale following the required holding period under Rule 144.

(h) Such Purchaser will not make any disposition of all or any part of the Notes until:

(i) The Borrower shall have received a letter secured by such Purchaser from the SEC stating that no action will be recommended to the SEC with respect to the proposed disposition;

(ii) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

(i) Such Purchaser shall have notified the Borrower of the proposed disposition and, in the case of a sale or transfer in a so called "4(1) and a half" transaction, shall have furnished counsel for the Borrower with an opinion of counsel on customary form. The Borrower agrees that it will not require an opinion of counsel with respect to transactions under Rule 144 of the Securities Act.

(j) Such Purchaser understands and agrees that the Notes issued to the Purchasers may bear the following legend.

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT."

(k) Such Purchaser is an "accredited investor" as defined in Regulation D promulgated the Securities Act.

ARTICLE 4

CONDITIONS OF PURCHASES OF THE NOTES

Section 4.1 Conditions to each Purchase of the Notes. (a) The obligation of the Purchasers to purchase Notes shall be subject to the fulfillment of the following conditions:

(i) The Purchasers shall have received from the Borrower executed counterparts of the Transaction Documents, a certificate as to Organizational Documents, resolutions and incumbency, and an opinion of its counsel reasonably acceptable to the Purchasers;

(ii) No Default or Event of Default has occurred or would result from the purchase of the applicable tranche of the Notes; and

(iii) The representations and warranties of the Borrower set forth in Section 3.1 shall be true and correct as of the date of such purchase as if made on that date, except to the extent such representations and warranties relate to an earlier date.

(b) The obligation of the Purchasers to purchase the Tranche 2 Notes shall be subject to (i) the Tranche 2 Requirement and (ii) the shares of Common Stock issuable upon conversion of the Tranche 1 Notes being Freely Tradeable (together, the "Tranche 2 Conditions").

(c) The obligation of the Purchasers to purchase the Tranche 3 Notes shall be subject to (i) the repayment of the Borrower's 3.75% Senior Convertible Notes due 2013 with the funds made available by the purchase of the Tranche 3 Notes, (ii) the Tranche 2 Conditions having been satisfied, and (iii) the shares of Common Stock issuable upon conversion of the Tranche 1 Notes and the Tranche 2 Notes being Freely Tradeable (the "Tranche 3 Conditions").

(d) The obligation of the Purchasers to purchase the Tranche 4 Notes shall be subject to (i) FDA approval of a new drug application for the Product, (ii) the Tranche 3 Conditions having been satisfied, and (iii) the shares of Common Stock issuable upon conversion of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes being Freely Tradeable (the "Tranche 4 Conditions").

(e) The Purchasers may, in the exercise of their sole discretion, waive any of the conditions to the purchase of any Notes and purchase such Notes.

ARTICLE 5

PARTICULAR COVENANTS AND EVENTS OF DEFAULT

Section 5.1 Affirmative Covenants. Unless the Required Purchasers shall otherwise agree:

(a) The Borrower shall maintain its existence and qualify and remain qualified to do its business as currently conducted, except where the failure to maintain such qualification would not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower shall comply in all material respects with all Applicable Laws, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings or where the failure to comply would not reasonably be expected to have a Material Adverse Effect.

(c) The Borrower shall obtain and keep in full force and effect all Authorizations required to conduct their businesses, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(d) The Borrower shall promptly notify the Purchasers of the occurrence of (i) any Default or Event of Default and (ii) any claim, litigation, arbitration, mediation or administrative or regulatory proceeding that are instituted or threatened against it; except for matters that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect; provided, however, that if the Borrower has outstanding any class of publicly traded securities, such notice shall be given concurrently with public disclosure of any such event, and (iii) each event which, at the giving of notice, lapse of time, determination of materiality or fulfillment of any other applicable condition (or any combination of the foregoing), would constitute an event of default (however described) under any Transaction Document.

(e) (i) If the Borrower is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, the Borrower will provide to the Purchasers quarterly consolidated financial statements and a balance sheet for each of its Subsidiaries within 45 days after the end of each fiscal quarter (other than the fourth quarter of any fiscal year), and consolidated audited annual financial statements of each of its Subsidiaries within 10 months after the end of each fiscal year prepared in accordance with GAAP with a report thereon by the Borrower's independent certified public accountants; (ii) the Borrower will timely file with the SEC (subject to appropriate extensions made under Rule 12b-25 of the Exchange Act) any annual, quarterly and other periodic reports (excluding (1) current reports on Form 8-K required solely pursuant to Item 1.01, 1.02, 1.04, 2.03, 2.04, 2.05, 2.06, 4.02(a) or 5.02(e) and (2) once both (x) all Notes that could be convertible into shares have been issued hereunder and (y) all shares issued or issuable upon conversion of such Notes (including shares that could become issuable upon conversion of Notes that have not yet been issued) have become Freely Tradable (without regard to the proviso to the definition of Freely Tradable), any current reports on Form 8-K) required pursuant to Section 13 or 15(d) of the Exchange Act required to be filed by the Borrower, and (iii) the Borrower will provide to the Purchasers copies of all documents, reports, financial data and other information that the Purchasers may reasonably request; provided that the Borrower shall not be required to provide or otherwise disclose any material non-public information.

(f) The Purchasers may order updated ALTA surveys ("Updated Surveys") with respect to the real property encumbered by the CA Deed of Trust and the CT Mortgage (the "Real Property"). The Borrower shall cooperate with the surveyor and permit the surveyor to enter onto the Real Property during normal business hours, with reasonable advance notice. The Borrower shall have the right to have a representative accompany the surveyor at all times. Within fifteen (15) business days after the Borrower's receipt of a detailed invoice from the surveyor and proof of payment by Purchasers thereof, the Borrower shall reimburse the Purchasers for the reasonable out-of-pocket costs incurred by Purchasers in connection with

obtaining such Updated Surveys, up to a maximum amount of $20,000. The Purchasers may also obtain an endorsement to the lender's title insurance policies insuring the Lien of the CA Deed of Trust and the CT Mortgage that either deletes the survey exception or limits the survey exception to those items show on the Updated Surveys. For the avoidance of all doubt, the Purchasers shall have no right to object to any matter shown on the Updated Surveys, and each such encumbrance shown on the Updated Surveys shall be a "Permitted Lien" hereunder. In no event shall any matter disclosed on the Updated Surveys result in an Event of Default hereunder, nor be a cause for the Purchasers to delay or refuse to make any future funding of any tranche of the Notes under this Agreement.

Section 5.2 Negative Covenants. Unless the Required Purchasers shall otherwise agree:

(a) The Borrower shall not and shall not permit any Subsidiary to (i) liquidate, provided that a Subsidiary may merge into the Borrower or any other Subsidiary, or dissolve (unless such Subsidiary ceases to own any operating assets or conduct business), or (ii) enter into any merger consolidation or reorganization, unless the Borrower or a Wholly-Owned Subsidiary is the surviving corporation. The Borrower shall not establish any Subsidiary unless such Subsidiary delivers to the Purchasers a joinder agreement to the Guaranty and Security Agreement; provided, that (x) any Insulin Subsidiary, any Oncology Subsidiary or any Inactive Subsidiary shall not be required to deliver a joinder to the Guarantee and Security Agreement, and (y) a Foreign Subsidiary or a Foreign Subsidiary Holding Company shall not be required to deliver a Guarantee and Security Agreement to the extent such delivery would reasonably be expected to have a 956 Impact. A "956" Impact" will be deemed to exist with respect to the issuance of a guaranty by, or grant of a lien by, a Subsidiary, if any of the foregoing would reasonably be expected to result in any material adverse tax consequences as a result of the application of Section 956 of the Code as amended from time to time.

(b) The Borrower shall not and shall not permit any Subsidiary to (a) create, incur or suffer any Lien upon any of the Collateral, except for Permitted Liens, or (b) assign, sell, transfer or otherwise dispose of, any Transaction Document, or its rights and obligations thereunder.

(c) The Borrower shall not and shall not permit any Subsidiary to create, incur, assume, guarantee or remain liable with respect to any Indebtedness, other than Permitted Indebtedness.

(d) The Borrower shall not and shall not permit any Subsidiary to acquire , directly or indirectly, in one or more related transaction, all or substantially all of the assets or equity interests of a Person (other than the acquisition of assets in the ordinary course of business, the acquisition of the assets of a Subsidiary of the Borrower, the acquisition of equity interests of a Subsidiary upon the formation thereof and the acquisition of equity interests in any joint ventures or partnerships or other entity in connection with an Excluded Transaction) for a consideration, inclusive of earnouts and assumed Indebtedness, in cash or other property (valued at its fair market value) greater than $1,000,000 individually.

(e) The Borrower shall not (i) enter into any partnership, joint venture, syndicate, pool, profit-sharing or royalty agreement or other combination, or engage in any transaction with an Affiliate (other than a Wholly-Owned Subsidiary), whereby its income or profits are shared with another Person (other than a Wholly-Owned Subsidiary), (ii) enter into any management contract or similar agreement whereby a substantial part of its business is managed by another Person; or (iii) distribute, or permit the distribution of, any of its assets, including its intangibles, to any of its shareholders in such capacity or its Affiliates (other than a Wholly-Owned Subsidiary); provided, however, that the Borrower may enter into Excluded Transactions.

Section 5.3 Major Transaction Put. The Borrower shall give the Purchasers notice ("Major Transaction Notice") of a Major Transaction at least 20 Business Days prior to the anticipated effective date for such transaction or, if the Borrower has outstanding any class of publicly traded securities, not later than 2 Business Days following the public announcement thereof. If the Successor Entity in such Major Transaction does not satisfy the Qualification Criteria, (as defined below) the Purchasers, in the exercise of their sole discretion, may deliver within 5 days after the receipt of such Major Transaction Notice, a notice to the Borrower (the "Put Notice"), declaring that the Put Price shall become due and payable on the Major Transaction Put Date; provided, however, that the Put Notice is delivered at least 10 Business Days prior to the Major Transaction Put Date or, if notice of such Major Transaction is given by the Borrower less than 20 Business Days prior to the Major Transaction Put Date, at least 7 calendar days prior to the Major Transaction Put Date. If the Purchasers deliver a Put Notice, then on the Major Transaction Put Date, the Borrower shall pay the Put Price to the Purchasers and the Obligations shall terminate; provided that, for the avoidance of doubt, the obligations under the Milestone Agreement shall not terminate. The Borrower shall not consummate any Major Transaction without complying with the provisions of this Section 5.3. For the purpose of this Section 5.3, the Qualification Criteria shall mean either (I) (x) the product of (a) the number of outstanding shares of each of the Successor Entity's class of securities and (b) the Volume Weighted Average Price for each such class as of the fifth Trading Day next preceding such announcement (the "Market Cap") is at least $5 billion and (y) the percentage that the outstanding indebtedness of such Successor Entity represents of such Successor Entity's Enterprise Value is less than 20%, or (II) the rating assigned by S&P to the long-term debt of the Successor Entity following a Major Transaction is at least "A-" (or has an equivalent rating on Moody's or a comparable rating agency). Enterprise Value shall mean the sum of the Market Cap and such indebtedness minus Cash and Cash Equivalents as reflected on the balance sheet of such entity.

Section 5.4 General Acceleration Provision upon Events of Default. If any of the events specified in this Section 5.4 shall have happened and be continuing beyond the applicable cure period (each, an "Event of Default"), the Purchasers, by written notice to the Borrower, may declare the principal of, and interest (whether accrued and unpaid or not accrued) on, the Notes or any part of any of them (together with any other Obligations accrued or payable) to be, and the same shall thereupon become, immediately due and payable, without any further notice and without any presentment, demand, or protest of any kind, all of which are hereby expressly waived by the Borrower, and take any further action available at law or in equity, including, without limitation, the sale of the Notes and all other rights acquired in connection with the Notes:

(a) The Borrower shall have failed to pay (i) principal when due, or (ii) interest and any other amounts due under the Notes within five (5) Business Days of their due date.

(b) The Borrower shall have failed to observe or perform any covenant contained in any Transaction Document and the Milestone Agreement (other than the covenant described in (a) above), and such failure shall not have been cured by the Borrower within (i) 60 days after such failure in the case of a breach of Section 5.1(e)(ii) (it being agreed that a cure of such breach within such period is "timely", as such term is used in such Section) or (ii) 30 days after receiving written notice of such failure from the Purchasers in the case of any other covenant.

(c) Any representation or warranty made by the Borrower in any Transaction Document shall have been incorrect, false or misleading as of the date it was made, deemed made, reaffirmed or confirmed.

(d) (i) The Borrower or any Significant Subsidiary shall generally be unable to pay its debts as such debts become due, or shall admit in writing its inability to pay its debts as they come due or shall make a general assignment for the benefit of creditors; (ii) the Borrower or any Significant Subsidiary shall declare a moratorium on the payment of its debts; (iii) the commencement by the Borrower or any Significant Subsidiary of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the commencement of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, intervention or other similar relief under any Applicable Law, or the consent by it to the filing of any such petition or to the appointment of an intervenor, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of all or substantially all of its assets; (iv) the commencement against the Borrower or any Significant Subsidiary of a proceeding in any court of competent jurisdiction under any bankruptcy or other Applicable Laws (as now or hereafter in effect) seeking its liquidation, winding up, dissolution, reorganization, arrangement, adjustment, or the appointment of an intervenor, receiver, liquidator, assignee, trustee, sequestrator (or other similar official), and any such proceeding shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall continue unstayed or otherwise in effect, for a period of ninety (90) days or any other event shall have occurred which under any Applicable Laws would have an effect analogous to any of those events listed above in this subsection.

(e) One or more judgments against the Borrower taken as a whole or attachments against any of its property, which in the aggregate exceed $100,000 (net of any anticipated insurance proceeds), and such judgment(s) remains unstayed on appeal, undischarged, unbonded or undismissed for a period of 90 days from the date of entry of such judgment.

(f) Any Authorization held by the Borrower shall have been suspended, canceled or revoked, and such suspension, cancellation or revocation would reasonably be expected to have a Material Adverse Effect, and such suspension, cancellation or revocation shall not have been cured within 30 days.

(g) Any Authorization necessary for the execution, delivery or performance of any Transaction Document or for the validity or enforceability of any of the Obligations is not given or is withdrawn or ceases to remain in full force or effect.

(h) The validity of any material provisions of any of the Transaction Document shall be contested by the Borrower or any treaty, law, regulation, communiqué, decree, ordinance or policy of any jurisdiction in the United States shall purport to render any material provision of any Transaction Document invalid or unenforceable or shall purport to prevent or materially delay the performance or observance by the Borrower of the Obligations.

(i) There is a failure to perform in any agreement to which the Borrower is a party resulting in a right by a third party to accelerate the maturity of any Indebtedness in an amount in excess of $500,000 and such acceleration is not rescinded or such Indebtedness is not contested in good faith or paid or otherwise discharged.

(j) The amount of Cash and Cash Equivalents on the last day of each fiscal quarter is less than $25,000,000.

(k) A Delivery Failure (as defined in the Notes) shall have occurred and such Delivery Failure is not cured within 5 Business Days.

(l) At any time following the Registration Deadline (as defined in the Registration Rights Agreement) with respect to any Note but prior to the six month anniversary of the issuance of such Note, both (i) the Conversion Shares (as defined in the Notes) are not eligible for resale under the Securities Act under an effective registration statement covering the resale of the Conversion Shares (a "Clause (l) Failure") and, (ii) the Borrower has failed to use its best efforts to prevent the occurrence of such Clause (l) Failure.

(m) At any time following the six month anniversary of the issuance of any Note, the shares of Common Stock issuable upon conversion of such Notes are not Freely Tradeable.

Section 5.5 Automatic Acceleration Upon Bankruptcy. Notwithstanding any other provisions of this Agreement, if an Event of Default under Section 5.4(d) shall occur, the principal of the Notes (together with any other Obligations accrued or payable) shall thereupon become immediately due and payable without any presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

Section 5.6 Recovery of Amounts Due. If any amount payable hereunder is not paid as and when due, the Borrower hereby authorizes the Purchasers to proceed, to the fullest extent permitted by applicable law, without prior notice, by right of set-off, banker's lien or counterclaim, against any moneys or other assets of the Borrower to the full extent of all amounts payable to the Purchasers.

ARTICLE 6

MISCELLANEOUS

Section 6.1 Notices. Any notices required or permitted to be given under the terms hereof shall be sent by certified or registered mail (return receipt requested) or delivered personally or by courier (including a recognized overnight delivery service) or by facsimile or by electronic mail and shall be effective five (5) days after being placed in the mail, if mailed by regular United States mail, or upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, or when read by electronic mail (sender shall have received a "read by recipient" confirmation) in each case addressed to the Party to which it is required or permitted to be given or made at such Party's address as specified below or such other address as such Party shall have designated by notice to the other Parties.

If to the Borrower:

28903 North Avenue Paine
Valencia, California 91355
Attn: Matthew Pfeffer
Fax: (661) 775-2099
Email: mpfeffer@mannkindcorp.com

With copy to:

Gian-Michele a Marca
Cooley LLP
101 California Street
San Francisco, CA 94111-5800
Fax: (415) 693-2222
Email: gmamarca@cooley.com

If to the Purchasers:

Deerfield Management Borrower, L.P.
780 Third Avenue, 37th Floor
New York, NY 10017
Attn: David J. Clark
Fax: 212-599-3075
Email: dclark@deerfield.com

With a copy to:

Katten Muchin Rosenman LLP
575 Madison Avenue
New York, New York 10022
Attn: Mark I. Fisher, Esq.
Fax: (212) 940-8776
Email: mark.fisher@kattenlaw.com

Section 6.2 Waiver of Notice. Whenever any notice is required to be given to the Purchasers or the Borrower under the any of the Transaction Documents, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 6.3 Reimbursement of Legal and Other Expenses. If any amount owing to the Purchasers under any Transaction Document shall be collected through enforcement of any Transaction Document, any refinancing or restructuring of the Notes in the nature of a work-out, settlement, negotiation, or any process of law, or shall be placed in the hands of third Persons for collection, the Borrower shall pay (in addition to all monies then due in respect of the Obligations) reasonable attorneys' and other fees and expenses incurred in respect of such collection.

Section 6.4 Governing Law; Dispute Resolution; Legal Proceedings. This Agreement shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State. If the Purchasers do not agree with the Borrower's determination regarding clause (ii) of the definition of Tranche 2 Requirement the Purchasers shall so notify Borrower in writing, and an independent third party expert mutually engaged by the Borrower and the Purchasers shall make such determination, which shall be binding on the Borrower and the Purchasers. Subject to the immediately preceding sentence all legal proceedings concerning the interpretation and enforcement of this Agreement (whether brought against a Party or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in The City of New York. Each Party hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or other proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or other proceeding is improper or is an inconvenient venue for such proceeding. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or other proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such Party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

(a) Each Party hereby waives any and all rights to demand a trial by jury in any action, suit or other proceeding arising out of any Transaction Document or the transactions contemplated by any Transaction Document.

(b) To the extent that the Parties may, in any suit, action or other proceeding brought in any court arising out of or in connection with any Transaction Document, be entitled to the benefit of any provision of law requiring the Borrower or the Purchasers, as applicable, in such suit, action or other proceeding to post security for the costs of the Borrower or the Purchasers, as applicable, or to post a bond or to take similar action, the Parties hereby irrevocably waive such benefit, in each case to the fullest extent now or hereafter permitted under any applicable laws.

Section 6.5 Successors and Assigns. This Agreement shall inure to the successors and assigns of the Parties, except that (a) the Borrower may not assign or otherwise transfer all or any part of its rights under the Transaction Documents without the prior written consent of the Purchasers and (b) the Purchasers may not assign their obligations under this Agreement prior to the earlier of the issuance of the Tranche 4 Notes and December 30, 2014 other than to an Affiliate without the prior written consent of the Borrower and unless the assignee or transferee expressly agrees to assume such Purchaser's obligations hereunder. The Purchasers may sell or otherwise transfer the Notes, provided that the Purchaser shall have complied with the transfer provisions in Section 10 of the Notes and shall have provided notice of the transfer to the Borrower for recordation in the Register pursuant to Section 1.4. Upon receipt of a notice of a transfer of an interest in a Note, the Borrower shall record the information and the identity of the transferee in the Register and the transferee shall (to the extent of the interests transferred to such transferee) have all the rights and obligations of, and shall be deemed, a Purchaser hereunder.

Section 6.6 Entire Agreement. The Transaction Documents contain the entire understanding of the Parties with respect to the matters covered thereby and supersede any and all other written and oral communications, negotiations, commitments and writings with respect thereto. The provisions of this Agreement may be waived, modified, supplemented or amended only by an instrument in writing signed by the authorized officer of the Borrower and the Required Purchasers.

Section 6.7 Severability. If any provision of this Agreement shall be unenforceable, the enforceability of the remaining provisions shall not be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace the unenforceable provision with a valid provision the economic effect of which comes as close as possible to that of the unenforceable provision.

Section 6.8 Counterparts. This Agreement may be executed by on separate counterparts, each of which and any copies thereof shall be deemed an original that together shall constitute one agreement.

Section 6.9 Survival.

(a) The Parties have relied on all agreements, representations and warranties made in the Transaction Documents, and in any document, certificate or statement delivered

pursuant thereto or in connection therewith shall be considered to have been relied upon by the other Parties and shall survive the execution and delivery of this Agreement and the purchases of the Notes hereunder regardless of any investigation made by any such other Party or on its behalf, and shall continue in force until all Obligations shall have been fully paid in accordance with the provisions thereof, and the Purchasers shall not be deemed to have waived, by reason of purchasing the Notes, any Event of Default that may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that the Purchasers may have had notice of any such Event of Default or may have had notice that such representation or warranty was false or misleading at the time a purchase of the Notes was made.

(b) The obligations of the Borrower under Sections 1.4 and 2.5 and the obligations of the Borrower and the Purchasers under this Article 6 shall remain in full force and effect regardless of the repayment of the Notes, or the termination of this Agreement or any provision hereof.

Section 6.10 Waiver. Neither the failure, nor delay on the part of any Party in exercising any right, power or privilege under any Transaction Document (collectively, "Right"), shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude other or further exercise thereof or the exercise of any other Right; nor shall any waiver of any Right, constitute a waiver of any other Right. No course of dealing and no delay or omission in exercising any Right, shall impair such Right. All Rights provided in this Agreement are cumulative and not exclusive of any Rights otherwise provided by law.

Section 6.11 Indemnity.

(a) The Parties shall, at all times, indemnify and hold each other harmless and each of their respective directors, partners, officers, employees, agents, counsel and advisors (each, an "Indemnified Person") harmless (the "Indemnity") in connection with any losses, claims (including the cost of defending against such claims), damages, liabilities, penalties, or other expenses arising out of, or relating to, the Transaction Documents (other than the Registration Rights Agreement) or the Notes which an Indemnified Person may incur or to which an Indemnified Person may become subject (each, a "Loss"). The Indemnity shall not apply to the extent that a court or arbitral tribunal with jurisdiction over the subject matter of the Loss, and over the Purchasers or the Borrower, as applicable, and such other Indemnified Person that had an adequate opportunity to defend its interests, determines that such Loss resulted from the gross negligence or willful misconduct of the Indemnified Person, which determination results in a final, non-appealable judgment or decision of a court or tribunal of competent jurisdiction. The Indemnity is independent of and in addition to any other agreement of any Party under any Transaction Document to pay any amount to the Purchasers or Borrowers, as applicable, and any exclusion of any obligation to pay any amount under this subsection shall not affect the requirement to pay such amount under any other section hereof or under any other agreement.

(b) Promptly after receipt by an Indemnified Person under this Section 6.11 of notice of the commencement of any action (including any governmental action), such Indemnified Person shall deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person.

(c) An Indemnified Person shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel for the Indemnified Person, the representation by such counsel of the Indemnified Person and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person and any other party represented by such counsel in such proceeding. The indemnifying party shall pay for only one separate legal counsel for the Indemnified Persons, and such legal counsel shall be selected by the indemnifying party. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such legal action shall not relieve the indemnifying party of any liability to the Indemnified Person under this Section 6.11, except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action. The indemnification required by this Section 6.11 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred.

(d) Without prejudice to the survival of any other agreement of any of the Parties hereunder, the obligations of the Parties contained in this Section 6.11 shall survive the termination of each other provision hereof and the payment of all amounts payable to the Purchasers hereunder.

Section 6.12 No Usury. The Transaction Documents are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration or otherwise, shall the amount paid or agreed to be paid to the Purchasers for the Notes exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the Purchasers shall ever receive anything which might be deemed interest under applicable law, that would exceed the highest lawful rate, such amount that would be deemed excessive interest shall be applied to the reduction of the principal amount owing on account of the Notes, or if such deemed excessive interest exceeds the unpaid balance of principal of the Notes, such deemed excess shall be refunded to the Borrower. All sums paid or agreed to be paid to the Purchasers for the Notes shall, to the extent permitted by applicable law, be deemed to be amortized, prorated, allocated and spread throughout the full term of the Notes until payment in full so that the deemed rate of interest on account of the Notes is uniform throughout the term thereof. The provisions of this Section shall control and supersede every other provision of this Agreement and the Notes.

Section 6.13 Further Assurances. From time to time, each Party shall perform any and all acts and execute and deliver to the other Party such additional documents as may be necessary or as requested by the other Party to carry out the purposes of any Transaction Document or to preserve and protect the rights of such other Party as contemplated therein.

Section 6.14 Independent Transaction Documents. Each Transaction Document is an independent agreement between the Parties and no Transaction Document shall affect the Rights of the Parties to their Rights under another Transaction Document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Purchasers and the Borrower have caused this Agreement to be duly executed.

BORROWER:

MANNKIND CORPORATION a Delaware corporation

By: /s/ Matthew J. Pfeffer
Name: Matthew J. Pfeffer
Title: Corporate Vice President and Chief Financial Officer

PURCHASERS:

DEERFIELD PRIVATE DESIGN FUND II, L.P., a Delaware limited partnership

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

DEERFIELD PRIVATE DESIGN INTERNATIONAL II, L.P., a British Virgin Islands limited partnership

By: Deerfield Mgmt., L.P. General Partners

By: J.E. Flynn Capital LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

SCHEDULE 1

FORM OF NOTE PURCHASE REQUEST

[Date]

Ladies and Gentlemen:

Request for Note Purchase ("Note Purchase Request")

1. Please refer to the Facility Agreement (the "Facility Agreement"), dated as of July 1, 2013, between Mannkind Corporation (the "Borrower"), Deerfield Private Design Fund II, L.P. and Deerfield Private Design International II, L.P. (together, the "Purchasers").

2. Terms defined in the Facility Agreement shall have the same meanings herein.

3. The Borrower hereby requests each Purchaser to purchase the [Tranche 1] [Tranche 2] [Tranche 3] [Tranche 4] Notes, on [date], in the aggregate principal amount of $[amount of drawdown], in accordance with the provisions of Section 2.2 of the Facility Agreement. You are requested to pay the amount to the following account [account number] at [name of bank].

4. The Borrower hereby certifies as follows:

(a) The representations and warranties in Section 3.1 of the Facility Agreement are true and correct as of the date hereof with the same effect as though such representations and warranties had been made on today's date, except to the extent such representations and warranties relate to an earlier date; and

(b) All of the conditions set forth in Section 4.1(a) of the Facility Agreement have been satisfied and in Section 4.1[(b)][1], [(c)][2], [(d)][3].

[1] Applicable for Tranche 2 Notes
[2] Applicable for Tranche 3 Notes
[3] Applicable for Tranche 4 Notes

5. The above certifications are effective as of the date of this Note Purchase Request and will continue to be effective as of the purchase date of the applicable tranche of Notes.

MANNKIND CORPORATION

By: _____

Name: _____

Title: _____

SCHEDULE 2

PURCHASER	PERCENTAGE ALLOCATION
Deerfield Private Design Fund II, L.P.	46.6%
Deerfield Private Design International II, L.P.	53.4%

EXHIBIT A

"Major Transaction" means:

(A) a consolidation, merger, exchange of shares, recapitalization, reorganization, business combination or other similar event, (i) following which the holders of Common Stock immediately preceding such consolidation, merger, exchange, recapitalization, reorganization, combination or event either (A) no longer hold a majority of the shares of Common Stock or (B) no longer have the ability to elect a majority of the board of directors of the Borrower or (ii) as a result of which shares of Common Stock shall be changed into (or the shares of Common Stock become entitled to receive) the same or a different number of shares of the same or another class or classes of stock or securities of another entity (in each case other than (x) a merger effected solely for purposes of changing the Borrower's state of incorporation, or (y) a transfer of shares of Common Stock among The Mann Group LLC, Alfred E. Mann ("Mann"), Mann's spouse, the heirs and lineal descendants of Mann, any family trust established by, or the estate of, any of the foregoing Persons, any non-profit entity where the acquisition is directed by the foregoing persons, trusts or estates and any entity wholly-owned by any of the foregoing persons, trusts or estates) (collectively with The Mann Group LLC and Mann, the "Mann Entities");

(B) the sale or transfer in one transaction or a series of related transactions of (i) all or substantially all of the assets of the Borrower to any Person other than a Wholly-Owned Subsidiary of the Borrower or (ii) assets of the Borrower for a purchase price equal to more than 50% of the Applicable Value (as defined below), provided, however, that an Excluded Transaction shall not be deemed to constitute a Major Transaction;

(C) any Person or group, other than the Borrower and its subsidiaries, any employee benefit plan of the Borrower or its subsidiaries and any of the Mann Entities, files a Schedule 13D or Schedule TO (or any successor schedule, form or report) pursuant to the Exchange Act disclosing that such Person has become the beneficial owner of shares with a majority of the total voting power of all outstanding voting securities that are entitled to vote generally in the election of the Borrower's board of directors or the Mann Entities, collectively, become the owners of more than 50% of the outstanding voting securities (without giving effect to any securities issuable upon exercise or conversion of any options, warrants, convertible notes or convertible stock owned by the Mann Entities until such voting securities are actually issued upon exercise or conversion) that are entitled to vote generally in the election of the Borrower's board of directors;

(D) the liquidation, bankruptcy, insolvency, dissolution or winding up (or the occurrence of any analogous proceeding) affecting the Borrower; or

(E) the shares of Common stock cease to be listed, traded or publicly quoted on NASDAQ Global Market and are not promptly re-listed or requited on either the New York Stock Exchange, the NYSE Alternext U.S., the NASDAQ Global Select Market or the NASDAQ Capital Market.

For purposes herein, "Applicable Value" means (i) at any time that the Borrower is subject to the reporting requirements under the Exchange Act, (A) the product of (x) the number of issued and outstanding shares of Common Stock on the date the Borrower delivers the Major Transaction Notice multiplied by (y) the per share closing price of the Common Stock on such date plus (B) the amount of the Borrower's debt as shown on the latest financial statements filed with the SEC (the "Current Financial Statements") less (C) the amount of cash and cash equivalents of the Company as shown on the Current Financial Statements; and (ii) at any time that the Borrower is not subject to the reporting requirements under the Exchange Act, the book value of the Borrower's assets as shown on the most recent financial statements of the Borrower.

THIS NOTE IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID"). THE FOLLOWING INFORMATION IS BEING PROVIDED PURSUANT TO TREASURY REGULATION SECTION 1.1275-3:

ISSUE PRICE: $

AMOUNT OF OID: $

ISSUE DATE: [ ], 201[ ]

YIELD TO MATURITY: [ ]%

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT."

SENIOR SECURED CONVERTIBLE NOTE

Issuance Date: [ ], 201[ ] Principal: U.S. $[ ]

FOR VALUE RECEIVED, MANNKIND CORPORATION, a Delaware corporation (the "**Company**"), hereby promises to pay to [ ], or its registered assigns (the "**Holder**") the principal amount of [ ] Dollars ($[ ]) (the "**Principal**") pursuant to, and in accordance with, the terms of that certain Facility Agreement, dated as of July 1, 2013, by and among the Company and the Purchasers party thereto (together with all exhibits and schedules thereto and as may be amended, restated, modified and supplemented from time to time, the "**Facility Agreement**"). The Company hereby promises to pay accrued and unpaid Interest (as defined below) and premium, if any, on the Principal on the dates, at the rates and in the manner provided for in the Facility Agreement. This Senior Secured Convertible Note (including all Senior Secured Convertible Notes issued in exchange, transfer or replacement hereof, and as any of the foregoing may be amended, restated, supplemented or otherwise modified from time, this "**Note**") is one of the Senior Secured Convertible Notes issued pursuant to the Facility Agreement (collectively, including Senior Secured Convertible Notes to be issued pursuant to the Facility Agreement in the future, all Senior Secured Convertible Notes issued in exchange, transfer or replacement thereof, as well as any of the foregoing may be amended, restated, supplemented or otherwise modified from time to time, the "**Notes**"). All capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Facility Agreement.

Except as expressly provided in the Facility Agreement, the Company has no right, but under certain circumstances may have an obligation, to make payments of Principal prior to the Final Payment Date. At any time an Event of Default exists, the Principal of this Note, together with all accrued and unpaid Interest and any applicable premium due, if any, may be declared, or shall otherwise become, due and payable in the manner, at the price and with the effect provided in the Facility Agreement.

1. Definitions.

(a) Certain Defined Terms. For purposes of this Note, the following terms shall have the following meanings:

(i) "**Affiliate**" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder. As used in this definition of "Affiliate," the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or partnership or other ownership interest, by contract, or otherwise.

(ii) "**Conversion Amount**" means the Principal amount to be converted.

(iii) "**Conversion Commencement Date**" means the eleventh full Trading Day following the public release by the Company of Phase III Data for the Product.

(iv) "**Conversion Price**" means, as of any Conversion Date the average of the Volume Weighted Average Prices per Share during the twenty (20) Trading Days immediately preceding the Conversion Date (the "**Measurement Period**"), provided, that in the event that a stock split, stock combination, reclassification, payment of stock dividend, recapitalization or other similar transaction of such character that the Shares shall be changed into or become exchangeable for a larger or small number of shares (a "**Stock Event**") is consummated during the Measurement Period, the Volume Weighted Average Price for all Trading Days during the Measurement Period prior to the effectiveness of the Stock Event shall be appropriately adjusted to reflect such Stock Event.

(v) "**Interest**" means any interest (including any default interest) accrued on the Principal pursuant to the terms of this Note and the Facility Agreement.

(vi) "**Issuance Date**" means [ ], 201[ ], regardless of any exchange or replacement hereof.

(vii) "**Major Pharmaceutical Company**" means any Person engaged in the pharmaceutical or biotechnology industry who, for the immediately preceding fiscal year, had total revenues in excess of $2,000,000,000 (or its equivalent in another currency).

(viii) "**Market Disruption Event**" means, with respect to any trading day and any security, (a) a failure by the Principal Market to open for trading during its entire regular trading session, (b) the occurrence or existence prior to 1:00 p.m., New York City time, on such day for such securities for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant securities exchange or otherwise) in such securities or in any options, contracts or future contracts relating to such securities, or (c) to the extent "Volume Weighted Average Price" is determined in accordance with clause (b) of the definition thereof, the suspension of trading for the one-half hour period ending on the scheduled close of trading on such day (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in such securities.

(ix) "**Principal**" means the outstanding principal amount of this Note as of any date of determination.

(x) "**Registration Failure**" means that (A) the Company fails to file with the SEC on or before the Filing Deadline (as defined in the Registration Rights Agreement) any Registration Statement required to be filed pursuant to Section 2(a) of the Registration Rights Agreement registering Conversion Shares, (B) the Company fails to use its best efforts to obtain effectiveness with the SEC, prior to the Registration Deadline (as defined in the Registration Rights Agreement), of any Registration Statement (as defined in the Registration Rights Agreement) that is required to be filed pursuant to Section 2(a) of the Registration Rights Agreement registering Conversion Shares, or fails to use its best efforts to keep such Registration Statement current and effective as required in Section 3 of the Registration Rights Agreement, (C) the Company fails to file any additional Registration Statements required to be filed pursuant to Section 2(a)(ii) of the Registration Rights Agreement registering Conversion Shares on or before the Additional Filing Deadline or fails to use its best efforts to cause such new Registration Statement to become effective on or before the Additional Registration Deadline, (D) any Registration Statement required to be filed under the Registration Rights Agreement registering Conversion Shares, after its initial effectiveness and during the Registration Period (as defined in the Registration Rights Agreement), lapses in effect or sales of any Conversion Shares constituting Registrable Securities (as defined in the Registration Rights Agreement) cannot otherwise be made thereunder (whether by reason of the Company's failure to amend or supplement the prospectus included therein in accordance with the Registration Rights Agreement, the Company's failure to file and to obtain effectiveness with the SEC of an additional Registration Statement registering Conversion Shares or amended Registration Statement required pursuant to Sections 2(a)(ii) or 3(b) of the Registration Rights Agreement, as applicable, or otherwise), other than in each case as permitted pursuant to Section 3(q) of the Registration Rights Agreement.

(xi) "**Required Note Holders**" means Holders of at least 51% in interest of the Notes.

(xii) "**Shares**" means shares of Common Stock, $0.01 par value.

(xiii) "**Trading Day**" means any day on which the Common Stock is traded for any period on the Principal Market; provided that for purposes of the definition of "Conversion Shares", Trading Day shall not include any Trading Day on which there is a Market Disruption Event.

(xiv) "**Volume Weighted Average Price**" for any security as of any Trading Day means (a) the volume weighted average sale price of such security on the principal U.S. national or regional securities exchange on which such security is traded as reported by Bloomberg Financial Markets or an equivalent, reliable reporting service mutually acceptable to and hereinafter designated by the Required Note Holders and the Company ("**Bloomberg**") or (b), if no volume weighted average sale price is reported for such security, then the closing price per share of such security, or, if no closing price per share is reported for such security by Bloomberg, the average of the last bid and last ask price (or if more than one in either case, the average of the average last bid and average last ask prices) on such Trading Day as reported in the composite transactions for the principal U.S. national or regional securities exchange on which such security is traded. If the security is not listed for trading on a U.S. national or regional securities exchange on the relevant Trading Day, then the Volume Weighted Average Price will be the average of the mid-point of the last bid and last ask prices of the security in the over-the-counter market on the relevant Trading Day as reported by the OTC Markets Group, Inc. or similar organization. If the Volume Weighted Average Price cannot be calculated for such security on such date in the manner provided above, the Volume Weighted Average Price shall be the fair market value as mutually determined by the Company and the Holders of a majority in interest of the Notes being converted for which the calculation of the Volume Weighted Average Price is required in order to determine the Conversion Price of such Notes. Volume Weighted Average Price will be determine without regard to after-hours trading or any other trading outside of the regular trading hours.

2. Conversion Rights. This Note may be converted into Shares on the terms and conditions set forth in this Section 2.

(a) Conversion at Option of the Holder. On and after the Conversion Commencement Date and until the close of business on the second business day immediately prior to the Final Payment Date, the Holder shall be entitled to convert all or any part of the Principal into fully paid and nonassessable Shares (the "**Conversion Shares**") in accordance with this Section 2 at the Conversion Rate (as defined in Section 2(b)). The Company shall not issue any fraction of a Share upon any conversion. If the issuance would result in the issuance of a fraction of a Share, then the Company shall round such fraction of a Share up or down to the nearest whole share (with 0.5 rounded up).

(b) Conversion Rate. The number of Conversion Shares issuable upon a conversion of any portion of this Note pursuant to Section 2 shall be determined according to the following formula (the "**Conversion Rate**"):

$$\frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

(c) Mechanics of Conversion. The conversion of this Note shall be conducted in the following manner:

(i) Holder's Delivery Requirements. To convert a Conversion Amount into Conversion Shares on any date (the "**Conversion Date**"), the Holder shall (A) transmit by facsimile or electronic mail (or otherwise deliver), for receipt on or prior to 5:00 p.m. New York City time on such date, a copy of an executed conversion notice in the form attached hereto as Exhibit A (the "**Conversion Notice**") to the Company (Attention: Matthew Pfeffer, Fax: (661) 775-2099, Email: mpfeffer@mannkindcorp.com), and (B) if required by Section 2(c)(vi), surrender to a common carrier for delivery to the Company, no later than three (3) Business Days after the Conversion Date, the original Note being converted (or an indemnification undertaking in customary form with respect to this Note in the case of its loss, theft or destruction).

(ii) Company's Response. Upon receipt or deemed receipt by the Company of a copy of a Conversion Notice, the Company (I) shall immediately send, via facsimile, a confirmation of receipt of such Conversion Notice to the Holder and the Company's designated transfer agent (the "**Transfer Agent**"), which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein and (II) on or before the second (2nd) Business Day following the date of receipt or deemed receipt by the Company of such Conversion Notice (the "**Share Delivery Date**") (A) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and provided that the Holder is eligible to receive Shares through DTC, credit such aggregate number of Conversion Shares to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (B) if the foregoing shall not apply, issue and deliver to the address as specified in the Conversion Notice, a stock certificate, registered in the name of the Holder or its designee, for the number of Conversion Shares to which the Holder shall be entitled. If notwithstanding the provisions of Section 2(c)(vi), the Holder elects to physically surrender this Note for conversion and the Principal represented by this Note is greater than the Principal being converted, then the Company shall, as soon as practicable and in no event later than three (3) Business Days after receipt of this Note (the "**Note Delivery Date**") and at its own expense, issue and deliver to the Holder a new Note representing the Principal not converted and cancel this Note. The Conversion Shares will be freely transferable and will not contain a legend restricting the resale or transferability of the Conversion Shares if the Unrestricted Conditions (as defined below) are met.

(iii) Dispute Resolution. In the case of a dispute as to the determination of the Conversion Price or the arithmetic calculation of the Conversion Rate, the Company shall instruct the Transfer Agent to issue to the Holder the number of Conversion Shares that is not disputed and shall transmit an explanation of the disputed determinations or arithmetic calculations to the Holder via facsimile within two (2) Business Days of receipt or deemed receipt of the Holder's Conversion Notice or other date of determination. If the Holder

and the Company are unable to agree upon the determination of the Conversion Price or arithmetic calculation of the Conversion Rate within one (1) Business Day of such disputed determination or arithmetic calculation being transmitted to the Holder, then the Company shall promptly (and in any event within two (2) Business Days) submit via facsimile (A) the disputed determination of the Conversion Price to an independent, reputable investment banking firm agreed to by the Company and the Required Note Holders, or (B) the disputed arithmetic calculation of the Conversion Rate to the Company's independent registered public accounting firm, as the case may be. The Company shall direct the investment bank or the accounting firm, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than two (2) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accounting firm's determination or calculation, as the case may be, shall be binding upon all parties absent manifest error.

(iv) Record Holder. The person or persons entitled to receive the Conversion Shares issuable upon a conversion of this Note shall be treated for all purposes as the legal and record holder or holders of such Shares on the Conversion Date, or in the case of Conversion Shares the issuance of which is subject to a *bona fide* dispute that is subject to and being resolved pursuant to, and in compliance with the time periods and other provisions of, the dispute resolution provisions of Section 2(c)(iii), the first Business Day after the resolution of such *bona fide* dispute and the fees and expenses of such investment bank or accountant shall be paid by the Company.

(v) Company's Failure to Timely Convert.

(A) Cash Damages. If within three (3) Business Days after the Company's receipt of the facsimile or electronic mail copy of a Conversion Notice or deemed receipt of a Conversion Notice the Company shall fail to issue and deliver a certificate to the Holder for, or credit the Holder's or its designee's balance account with DTC with, the number of Conversion Shares (free of any restrictive legend if the Unrestricted Conditions (as defined below) are met) to which the Holder is entitled upon the Holder's conversion of any Conversion Amount (a "**Delivery Failure**") then in addition to all other available remedies that the Holder may pursue hereunder and under the Facility Agreement, the Company shall pay additional damages to the Holder for each day after the Share Delivery Date such conversion is not timely effected in an amount equal to one percent (1%) of the product of (I) the number of Conversion Shares not issued to the Holder or its designee on or prior to the Share Delivery Date and to which the Holder is entitled and (II) the Volume Weighted Average Price of the Common Stock on the Share Delivery Date (such product is referred to herein as the "**Share Product Amount**") Alternatively in lieu of the foregoing damages, subject to Section 2(c)(iii), at the written election of the Holder made in the Holder's sole discretion, if, on or after the applicable Conversion Date, the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of Conversion Shares that such Holder anticipated receiving from the Company (such purchased shares, "***Buy-In Shares***"), the Company shall be obligated to promptly pay to such Holder (in addition to all other available remedies that the Holder may otherwise have), 107.5% of the amount by which (A) such Holder's total purchase price (including brokerage commissions, if any) for such Buy-In Shares

exceeds (B) the net proceeds received by such Holder from the sale of the number of shares equal to up to the number of Conversion Shares such Holder was entitled to receive but had not received on such Share Delivery Date. If the Company fails to pay the additional damages set forth in this Section 2(c)(v)(A) within five (5) Business Days of the date incurred, then the Holder entitled to such payments shall have the right at any time, so long as the Company continues to fail to make such payments, to require the Company, upon written notice, to immediately issue, in lieu of such cash damages, the number of Shares equal to the quotient of (X) the aggregate amount of the damages payments described herein divided by (Y) the Conversion Price specified by the Holder in the Conversion Notice.

(B) Void Conversion Notice. If for any reason the Holder has not received all of the Conversion Shares prior to the tenth (10th) Business Day after the Share Delivery Date with respect to a conversion of this Note (a "**Conversion Failure**"), then the Holder, upon written notice to the Company (a "**Void Conversion Notice**"), may void its Conversion Notice with respect to, and retain or have returned, as the case may be, any portion of this Note that has not been converted pursuant to the Holder's Conversion Notice; provided, that the voiding of the Holder's Conversion Notice shall not affect the Company's obligations to make any payments that have accrued prior to the date of such notice pursuant to Section 2(c)(v)(A) or otherwise.

(vi) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion or repayment of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless all of the Principal is being converted or repaid. The Holder and the Company shall maintain records showing the Principal converted or repaid and the dates of such conversions or repayments or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon any such partial conversion or repayment. Notwithstanding the foregoing, if this Note is converted or repaid as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder may request, representing in the aggregate the remaining Principal represented by this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion or repayment of any portion of this Note, the Principal of this Note may be less than the principal amount stated on the face hereof.

(d) Taxes. The Company shall pay any and all taxes (excluding income taxes, franchise taxes or other taxes levied on gross earnings, profits or the like of the Holder) that may be payable with respect to the issuance and delivery of Conversion Shares upon the conversion of this Note, unless the tax is due because the Holder requests any Conversion Shares to be issued in a name other than the Holder's name, in which case the Holder will pay that tax.

(e) Legends.

(i) Restrictive Legend. The Holder understands that this Note and until such time as the Conversion Shares have been registered under the Securities Act as

contemplated by the Registration Rights Agreement or otherwise may be sold pursuant to Rule 144 under the Securities Act or an exemption from registration under the Securities Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Conversion Shares, as applicable, may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such securities):

> THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT."

(ii) Removal of Restrictive Legends. The certificates evidencing the Conversion Shares shall not contain any legend restricting the transfer thereof (including the legend set forth above in subsection 2(e)(i)): (A) while a registration statement (including a Registration Statement, as defined in the Registration Rights Agreement) covering the resale of such security by the Holder is effective under the Securities Act, (B) following any sale of such Conversion Shares pursuant to Rule 144, or (C) if such Conversion Shares are eligible for sale under rule 144(b)(1) and the Holder thereof is not, and has not been during the preceding three months, an affiliate (as such term is defined for purposes of Rule 144 under the Securities Act) (the "**Unrestricted Conditions**"). The Holder agrees that the removal of the restrictive legend from the Conversion Shares in accordance with the immediately preceding sentence is predicated upon the Company's reliance that (i) the Holder will dispose of such shares pursuant to the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or for its own account in compliance with Rule 144, and that if such securities are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and (ii) if, prior to the disposition of any such Conversion Shares, the Company notifies the Holder that the Unrestricted Conditions have no longer been met, the Holder will agree to the placement of said restrictive legend on the certificates for such Conversion Shares until the Unrestricted Conditions have once again been met. Promptly following the Effective Date (as defined below) or such other time as any of the Unrestricted Conditions have been satisfied, the Company shall cause its counsel to issue a legal opinion or other instruction to the Transfer Agent (if required by the Transfer Agent) to effect the issuance of the Conversion Shares without a restrictive legend or, in the case of Conversion Shares that have previously been issued, the removal of the legend thereunder. If the Unrestricted Conditions are met at the time of issuance of the Conversion Shares, then the Conversion Shares shall be issued free of all legends. The Company agrees that following the Effective Date or at such time as the Unrestricted Conditions are met or such legend is otherwise no longer required under this Section 2(e), it will, no later than four (4) Trading Days following the delivery (the "**Unlegended Shares Delivery Deadline**") by the Holder to the Company or the Transfer Agent of any certificate representing Conversion Shares, as applicable, issued with a restrictive legend (such fourth Trading Day, the "**Legend Removal Date**"), deliver or cause to

be delivered to such Holder a certificate (or electronic transfer) representing such shares that is free from all restrictive and other legends. For purposes hereof, "**Effective Date**" shall mean the date that the Registration Statement that the Company is required to file pursuant to the Registration Rights Agreement has been declared effective by the SEC.

(iii) Sale of Unlegended Shares. Holder agrees that the removal of the restrictive legend from any certificates representing securities as set forth in Section 2(e) above is predicated upon the Company's reliance that the Holder will sell any Conversion Shares pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if such securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein.

(f) Limitations on Conversions.

(i) Beneficial Ownership. Notwithstanding anything herein to the contrary, the Company shall not issue to the Holder, and the Holder may not acquire, a number of Shares upon conversion of this Note or otherwise issue any shares of Common Stock pursuant hereto or the Facility Agreement to the extent that, upon such conversion, the number of Shares then beneficially owned by the Holder and its Affiliates and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including shares held by any "group" of which the Holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the limitation set forth herein) would exceed 9.985% of the total number of shares of Common Stock then issued and outstanding (the "**9.985% Cap**"), provided, however, that the 9.985% Cap shall only apply to the extent that the Common Stock is deemed to constitute an "equity security" pursuant to Rule 13d-1(i) promulgated under the Exchange Act, and provided, further, that if the Holder and its Affiliates and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act beneficially own on the Issuance Date greater than 9.985% of the shares of Common Stock then outstanding, then the 9.985% Cap shall not apply to such Holder unless and until the beneficial ownership of the Holder and its Affiliates and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act subsequently decreases to below 9.985%. For purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and applicable regulations of the Securities and Exchange Commission ("**SEC**"), and the percentage held by the Holder shall be determined in a manner consistent with the provisions of Section 13(d) of the Exchange Act. Upon the written request of the Holder, the Company shall, within two (2) Trading Days, confirm orally and in writing to the Holder the number of Shares then outstanding.

(ii) Principal Market Regulation. The Company shall not issue any Shares upon conversion of this Note (including pursuant to Section 2(c)(v)(A) hereof) if the issuance of such Shares together with any previous issuances of Shares under the Notes would exceed 57,885,577 (the "**Exchange Cap**"), except that such limitation shall not apply in the

event that the Company obtains the approval of its stockholders as required by the applicable rules of The Nasdaq Global Market and any other Principal Market for issuances of Shares in excess of such amount.

(iii) Applicable Limits on Conversion of the Note. Notwithstanding anything to the contrary herein, (A) this Note shall not be convertible, and the Company shall not issue Shares upon conversion of this Note, if the number of shares that would otherwise be issuable upon such conversion, together with all shares previously issued upon conversion of all Notes or issuable upon conversion of any other Notes converted on the same Conversion Date, exceeds 12 million shares (subject to appropriate adjustment to reflect any Stock Event), and (B) this Note shall not be convertible, and the Company shall not issue Shares upon conversion of this Note, if the number of shares that would otherwise be issuable upon such conversion, together with any shares issuable upon conversion of any other Notes converted on the same Conversion Date, exceeds the then Applicable Limit. For purposes herein, "Applicable Limit" shall initially mean (x) 12 million Shares (subject to appropriate adjustment to reflect any Stock Event) for all conversions of Notes at a "Conversion Price" of $3.33 (subject to appropriate adjustment to reflect any Stock Event) or less, (y) 6 million Shares (subject to appropriate adjustment to reflect any Stock Event) for all conversions of Notes at a "Conversion Price" of $6.67 (subject to appropriate adjustment to reflect any Stock Event) or more, and (z) $40 million of "Conversion Amounts" for all Note conversions at a "Conversion Price" of between $3.33 and $6.67 (subject to appropriate adjustment to reflect any Stock Event); provided, however, that, after each Conversion Date, the Applicable Limit under all three clauses (regardless of which clause such conversion relates to) shall be reduced by an amount equal to the Applicable Limit immediately preceding such conversion multiplied by a fraction, the numerator of which is the number of Shares actually converted on such date (in the case of clauses (x) and (y)) or the applicable "Conversion Amount" for all shares actually converted on such date (in the case of clause (z)) and the denominator of which is the Applicable Limit in respect of the clause under which such conversion falls immediately prior to such conversion. For purposes of illustration: (a) If 6 million shares are converted under any Notes at $3.00 per shares, the Applicable Limit Shall be reduced by one-half to 3 million, 6 million and $20 million, respectively; (b) If an additional $5 million are then converted under any Notes at $5.00 per Share, each Applicable Limit shall then be further reduced by one-quarter to 4.5 million, 2.25 million and $15 million, respectively. As an additional illustration, if 5 million shares are converted under any Notes at $8.00 per share, each Applicable Limit shall be reduced by 83.33% to 2,004,000, 1,002,000 and $6,680,000, respectively; and (b) if an additional 500,000 shares are then converted under any Notes at $5.00 per share, each Applicable Limit shall be further reduced by 24.95% to 1,504,002, 752,001 and $5,013,349, respectively.

3. Registration Failures. Upon any Registration Failure, in addition to all other available remedies that the Holder may pursue hereunder and under the Facility Agreement and the Registration Rights Agreement, the Company shall pay additional damages to the Holder for each 30-day period (prorated for any partial period) after the date of such Registration Failure in an amount in cash equal to one percent (1%) of such Holder's original principal amount of this Note on the date of such Registration Failure. Such payments shall accrue until the earlier of (i) such time as the Registration Failure has been cured and (ii) the date on which all of the Conversion Shares may be disposed of for such Holder's own account without restriction under

Rule 144 (including, without limitation, volume restrictions and without the need for the availability of current public information under Rule 144), assuming that the Holder is not, and has not been during the preceding three months, an affiliate (as such term is defined for purposes of Rule 144 under the Securities Act) of the Company. All such payments that accrue under this Section (4) shall be payable no later than five business days following such date of accrual.

4. Voting Rights. Except as required by law, the Holder shall have no voting rights with respect to any of the Conversion Shares until the Conversion Date relating to the conversion of this Note upon which such Conversion Shares are issuable (or in the case of Conversion Shares the issuance of which is subject to a *bona fide* dispute that is subject to and being resolved pursuant to, and in compliance with the time periods and other provisions of, the dispute resolution provisions of Section 2(c)(iii), the first Business Day after the resolution of such *bona fide* dispute).

5. Amendment; Waiver. The terms and provisions of this Note shall not be amended or waived except in a writing signed by the Company and the Holder.

6. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, the Facility Agreement, at law or in equity (including a decree of specific performance and/or other injunctive relief). No remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy, and nothing herein shall limit the Holder's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

7. Specific Shall Not Limit General; Construction. No specific provision contained in this Note shall limit or modify any more general provision contained herein. This Note shall be deemed to be jointly drafted by the Company and all purchasers of Notes pursuant to the Facility Agreement and shall not be construed against any Person as the drafter hereof.

8. Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

9. Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 6.1 of the Facility Agreement.

10. Restrictions on Transfer.

(a) Registration or Exemption Required. This Note has been issued in a transaction exempt from the registration requirements of the Securities Act by virtue of Regulation D. None of the Note or the Conversion Shares may be pledged, transferred, sold, assigned, hypothecated or otherwise disposed of except pursuant to an effective registration statement or an exemption to the registration requirements of the Securities Act and applicable state laws including, without limitation, a so-called "4(1) and a half" transaction.

(b) Assignment. Subject to Section 10(a), the Holder may sell, transfer, assign, pledge, hypothecate or otherwise dispose of this Note, in whole or in part; provided that (i) the Holder shall deliver a written notice to Company, substantially in the form of the Assignment attached hereto as Exhibit B, indicating the Person or Persons to whom the Note shall be assigned and the respective principal amount of the Note to be assigned to each assignee, (ii) if such transfer is being effected as a so-called "4(1) and a half" transaction or pursuant to Rule 144A, any such transferee Person shall make the representations and agree to the representations set forth on Exhibit B-1 hereto and shall agree to comply with the provisions of Section 2(c)(iii) hereof, (iii) except in the case of any assignment or transfer pursuant to an effective registration statement covering the disposition of the Note or pursuant to Rule 144, the Holder shall deliver to the Company a legal opinion reasonably acceptable to the Company which, in the case of a so-called "4(1) and a half" transaction shall be substantially in the form attached hereto as Exhibit C, (iv) the transferee shall have complied with Section 2.5(d) of the Facility Agreement, and (v) unless an Event of Default shall have occurred and is continuing, no assignment shall be permitted to any (A) Major Pharmaceutical Company and any (B) entity principally engaged in the business of selling insulin or insulin delivery products (an "**Applicable Entity**"); provided, however, that (1) entities that own, directly or indirectly, equity interests in an Applicable Entity as part of a brokerage, insurance business, pension fund (or other benefit fund), investment banking, investment management, investment advisory, lobbying, or publishing business, or (2) any non-profit research or non-profit enterprise, shall not constitute an Applicable Entity, and (v) the Holder shall comply with all additional assignment provisions set forth in Section 6.5 of the Facility Agreement. The Company shall effect the assignment within three (3) business days (the "**Transfer Delivery Period**"), and shall deliver to the assignee(s) designated by Holder a Note or Notes of like tenor and terms for the appropriate principal amount. This Note and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors and assigns of the Holder. The provisions of this Note are intended to be for the benefit of all Holders from time to time of this Note, and shall be enforceable by any such Holder. For avoidance of doubt, in the event Holder notifies the Company that such sale or transfer is a so called "4(1) and a half" transaction, the parties hereto agree that a legal opinion from outside counsel for the Holder delivered to counsel for the Company substantially in the form attached hereto as Exhibit C shall be the only requirement to satisfy an exemption from registration under the Securities Act to effectuate such "4(1) and half" transaction.

11. Payment of Collection, Enforcement and Other Costs. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; or (b) an attorney is retained to represent the Holder in any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action, including reasonable attorneys' fees and disbursements.

12. Cancellation. After all Principal, Interest and other amounts at any time owed under, or on account of, this Note have been paid in full or converted into Shares in accordance with the terms hereof, this Note shall automatically be deemed cancelled, shall be surrendered to the Company for cancellation and shall not be reissued.

13. Registered Note. This Note may be transferred only upon notation of such transfer on the Register, and no assignment thereof shall be effective until recorded therein.

14. Waiver of Notice. To the extent permitted by law, the Company hereby waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Facility Agreement.

15. Governing Law. This Note shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State. All legal proceedings concerning the interpretation and enforcement of this Note shall be commenced exclusively in the state and federal courts sitting in The City of New York. The Company hereby and each Holder (by its acceptance of this Note) irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or other proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or other proceeding is improper or is an inconvenient venue for such proceeding. The Company hereby and each Holder (by its acceptance of this Note) irrevocably waives personal service of process and consents to process being served in any such suit, action or other proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such person at the address in effect for notices to it under Section 6.1 of the Facility Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. EACH OF THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT TO ENFORCE ANY PROVISION OF THIS NOTE OR ANY OTHER TRANSACTION DOCUMENT.

16. Interpretative Matters. Unless the context otherwise requires, (a) all references to Sections or Exhibits are to Sections or Exhibits contained in or attached to this Note, (b) each accounting term not otherwise defined in this Note has the meaning assigned to it in accordance with GAAP, (c) words in the singular or plural include the singular and plural and pronouns stated in either the masculine, the feminine or neuter gender shall include the

masculine, feminine and neuter and (d) the use of the word "including" in this Note shall be by way of example rather than limitation. If a stock split, stock dividend, stock combination or other similar event occurs during any period over which an average price is being determined, then an appropriate adjustment will be made to such average to reflect such event.

17. Execution. A facsimile, telecopy, PDF or other reproduction of this Note may be delivered by the Company, and an executed copy of this Note may be delivered by the Company by facsimile, e-mail or other similar electronic transmission device pursuant to which the signature of or on behalf of the Company can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. The Company hereby agrees that it shall not raise the execution of facsimile, PDF or other reproduction of this Note, or the fact that any signature was transmitted by facsimile, e-mail or other similar electronic transmission device, as a defense to the Company's execution of this Note. Notwithstanding the foregoing, the Company shall be required to deliver an originally executed Note to the Holder.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the date first set forth above.

COMPANY:

MANNKIND CORPORATION

By: _____

Name: _____

Title: _____

Exhibit A

CONVERSION NOTICE

Reference is made to the Senior Secured Convertible Note (the "**Note**") of **MANNKIND CORPORATION**, a Delaware corporation (the "**Company**"), in the original principal amount of $[ ]. In accordance with and pursuant to the Note, the undersigned hereby elects to convert the Conversion Amount (as defined in the Note) of the Note indicated below into Shares of Common Stock, par value $0.01 per share (the "**Common Stock**"), of the Company, as of the date specified below.

Date of Conversion: _____

Aggregate Conversion Amount to be converted at the Conversion Price (as defined in the Note): _____

Principal, applicable thereto, to be converted: _____

Interest, applicable thereto, to be converted: _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Please issue the Common Stock into which the Note is being converted in the following name and to the following address:

Issue to: _____

Facsimile Number: _____

Authorization: _____

By: _____

Title: _____

Dated: _____

DTC Participant Number and Name (if electronic book entry transfer): _____

Account Number (if electronic book entry transfer): _____

ACKNOWLEDGMENT

The Company hereby acknowledges this Conversion Notice and hereby directs [TRANSFER AGENT] to issue the above indicated number of shares of Common Stock.

MANNKIND CORPORATION

By: _____

Name: _____

Title: _____

Exhibit B

ASSIGNMENT

(To be executed by the registered holder
desiring to transfer the Note)

FOR VALUE RECEIVED, the undersigned holder of the attached Senior Secured Convertible Note (the "**Note**") hereby sells, assigns and transfers unto the person or persons below named the right to receive the principal amount of $ from Mannkind Corporation, a Delaware corporation, evidenced by the attached Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

_____
Signature

Fill in for new registration of Note:

_____
Name

_____
Address

_____
Please print name and address of assignee (including zip code number)

NOTICE

The signature to the foregoing Assignment must correspond to the name as written upon the face of the attached Note in every particular, without alteration or enlargement or any change whatsoever.

Exhibit B-1

[FORM OF INVESTOR REPRESENTATION LETTER]

, 20

[ ]

Gentlemen:

(" ") has agreed to purchase $ principal amount of Senior Secured Convertible Note (the "Note") of [ ] (the "Company") from [ ] ("[ ]"). We understand that the Note is a "restricted security." We represent and warrant that is a sophisticated institutional investor that would qualify as an "Accredited Investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act").

represents and warrants as of the date hereof as follows:

1. That it is acquiring the Note and the shares of common stock, $0.01 par value per share underlying such Note (the "Conversion Shares") solely for its account for investment and not with a view to or for sale or distribution of said Note or Conversion Shares or any part thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, does not agree, or make any representation or warranty, to hold any of the securities for any minimum or other specific term and reserves the right to dispose of the securities at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute the Note or the Conversion Shares in violation of applicable securities laws. As used in this Agreement, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof. also represents that the entire legal and beneficial interests of the Note and Conversion Shares is acquiring is being acquired for, and will be held for, its account only;

2. understands that the Notes and the Conversion Shares have not been registered under the Securities Act in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and in reliance in part upon the truth and accuracy of, and such 's compliance with, the representations, warranties, agreements, acknowledgments and understandings of set forth herein in order to determine the availability of such exemptions and the eligibility of to acquire the securities.

3. That the Note and the Conversion Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. recognizes that the Company has no obligation to register the Note, or to comply with any exemption from such registration;

4. That neither the Note nor the Conversion Shares may be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale following the required holding period under Rule 144;

5. It is an “accredited investor” as defined in Regulation D promulgated under the Securities Act;

6. That it will not make any disposition of all or any part of the Note or Conversion Shares in any event unless and until:

(i) The Company shall have received a letter secured by from the Securities and Exchange Commission stating that no action will be recommended to the Securities and Exchange Commission with respect to the proposed disposition;

(ii) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

(iii) shall have notified the Company of the proposed disposition and, in the case of a sale or transfer in a so called "4(1) and a half" transaction, shall have furnished counsel to the Company with an opinion of counsel, reasonably satisfactory to counsel to the Company.

We acknowledge that the Company will place stop orders with respect to the Note and the Conversion Shares, and if a registration statement is not effective, the Conversion Shares shall bear the following restrictive legend:

"THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT."

At any time and from time to time after the date hereof, shall, without further consideration, execute and deliver to [ ] or the Company such other instruments or documents and shall take such other actions as they may reasonably request to carry out the transactions contemplated hereby.

Very truly yours,

Exhibit C

FORM OF OPINION

, 20

[ ]

Re: Mannkind Corporation (the "Company")

Dear Sir:

[ ] ("[ ]") intends to transfer its Senior Secured Convertible Note in the principal amount of $ (the "Note") of the Company to (" ") without registration under the Securities Act of 1933, as amended (the "Securities Act"). In connection herewith, we have examined such documents and issues of law as we have deemed relevant.

Based on and subject to the foregoing, we are of the opinion that the transfer of the Note by to may be effected without registration under the Securities Act, provided, however, that the Note to be transferred to contain a legend restricting its transferability pursuant to the Securities Act and that transfer of the Note is subject to a stop order.

The foregoing opinion is furnished only to and may not be used, circulated, quoted or otherwise referred to or relied upon by you for any purposes other than the purpose for which furnished or by any other person for any purpose, without our prior written consent.

Very truly yours,

Exhibit 99.3

EXECUTION VERSION

MILESTONE RIGHTS PURCHASE AGREEMENT

THIS MILESTONE RIGHTS PURCHASE AGREEMENT (this "***Agreement***") is dated as of July 1, 2013, by and among Mannkind Corporation (the "***Company***"), and Deerfield Private Design Fund II, L.P. , a Delaware limited partnership ("***DPDF***"), and Horizon Santé FLML SÀRL, a Luxembourg Société à Responsibilité Limitée ("***HS***" and together with DPDF, "***Purchasers***").

WHEREAS, in consideration of the payment by Purchasers of $18,900,000, the Company has agreed to issue and sell, and the Purchasers have agreed to purchase, rights to receive the Milestone Payments referred to herein (the "***Milestone Rights***").

NOW, THEREFORE, the Company and Purchasers hereby agree as follows:

1. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Exhibit A.

2. Issuance and sale of Milestone Rights.

(a) Each Purchaser hereby purchases, and the Company hereby issues and sells to such Purchaser, the number of Milestone Rights for the purchase price as set forth below opposite such Purchaser's name:

Purchaser	Milestone Rights	Purchase Price
DPDF	466	$ 8,807,400
HS	534	$10,092,600

(b) On the date hereof, each Purchaser shall deliver to the Company, by wire transfer funds to a deposit account specified by the Company, an amount in readily available funds equal to the purchase price payable by such Purchaser pursuant to Section 2(a) above; and (ii) the Company shall issue and deliver to each Purchaser Milestone Right Certificates representing the number of Milestone Rights set forth opposite such Purchaser's name in Section 2(a) above.

3. Settlement of Milestone Rights.

(a) Milestone Payments**.** Upon the occurrence of each of the following events (each a "***Milestone Triggering Event***" and collectively, the "***Milestone Triggering Events***")), the Company shall make a cash payment ("***Milestone Payment***") in respect of the Milestone Rights in the amount corresponding to such Milestone Triggering Event:

MILESTONE TRIGGERING EVENT	MILESTONE PAYMENT AMOUNT
Product Partner Event	$ 5,000,000
Product Launch	$ 10,000,000
$50,000,000 Cumulative Net Sales	$ 5,000,000
$100,000,000 Cumulative Net Sales	$ 5,000,000
$150,000,000 Cumulative Net Sales	$ 5,000,000
$200,000,000 Cumulative Net Sales	$ 5,000,000
$250,000,000 Cumulative Net Sales	$ 5,000,000
$300,000,000 Cumulative Net Sales	$ 5,000,000
$400,000,000 Cumulative Net Sales	$ 5,000,000
$500,000,000 Cumulative Net Sales	$ 5,000,000
$750,000,000 Cumulative Net Sales	$ 10,000,000
$1,000,000,000 Cumulative Net Sales	$ 10,000,000
$1,500,000,000 Cumulative Net Sales	$ 15,000,000

Each Milestone Right shall represent the right to receive 1/1000th of the Milestone Payments payable pursuant to this Section 3.

Within five (5) Business Days of obtaining knowledge of occurrence of a Milestone Triggering Event (in the case of a Product Partner Event or Product Launch and, if the Company is no longer required to file quarterly reports with the SEC, with respect to a Milestone Triggering Event based upon Cumulative Net Sales) or no later than the earlier of the date required by the SEC for filing by the Company of the quarterly report on Form 10-Q or Form 10-K with respect to the quarter or fiscal year (in the case of the fourth quarter) during which the Company obtained knowledge of the occurrence of a Milestone Triggering Event or the filing by the Company of such quarterly report (in the case of a Milestone Triggering Event based on Cumulative Net Sales when the Company is required to file quarterly reports with the SEC), the Company shall provide notice to the Holders by phone, electronic mail and facsimile (a "***Milestone Event Notice"***) describing the Milestone Triggering Event. Each Milestone Payment shall be due and payable within three Business Days (as defined below) after the date of the delivery by the Company of the Milestone Event Notice (the "***Milestone Payment Date***"), by federal funds wire transfer to the Holders as directed by the Holders.

(b) Delinquent Milestone Payments. Any Milestone Payment not paid when due shall bear interest at the Default Rate, compounded quarterly, or the highest rate then permitted by applicable law, whichever is less.

(c) Taxes. Any and all Milestone Payments shall be made without deduction for any U.S. withholding tax, except as required by applicable law. Each Holder organized under the laws of a jurisdiction outside the United States (a "***Foreign Person***") that is entitled to an exemption from or reduction in U.S. withholding tax shall provide the Company with a properly completed and executed IRS Form W-8ECI, W-8BEN, W-8IMY or other applicable successor form, or any other applicable certificate or document prescribed by the U.S. Internal Revenue Service, including such certification as is necessary to establish an exemption from withholding under "FATCA" (if applicable) as hereinafter defined. Pursuant to the immediately preceding sentence: HS shall provide the Company with properly completed and executed IRS forms claiming that it is a resident of Luxembourg and is exempt from U.S. withholding tax under the provisions of the tax treaty between the U.S. and Luxembourg and (if and when such certification is required under applicable U.S. tax law in order to avoid withholding due to "FATCA," as hereinafter defined) such further certification as is necessary to establish HS's exemption from withholding under FATCA. Provided that the Company receives such forms, the Company shall not withhold U.S. taxes from any Milestone Payment payable to HS under the U.S. tax laws currently in effect. "FATCA" shall mean Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any amended or successor version thereof, any Treasury Regulations or other official interpretations thereof, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code. Each Holder that is a "United States Person" as defined in Section 7701(a)(30) of the Code shall provide the Company with a properly completed and executed IRS Form W-9. Any forms provided by a Holder pursuant to this Section shall be updated or replaced by a Holder if and when required by law.

(d) Audit Right. Upon not less than five (5) Business Days' written notice to the Company (the "***Audit Notice***"), an independent auditor selected by Purchasers may audit the books and records of the Company relevant to the Milestone Triggering Events no more than once every calendar year to verify any Milestone Triggering Event and the corresponding Milestone Payment. Such audit shall be conducted during normal business hours at Holders' cost, provided that any such independent auditor and to the extent involved in such audit, the Holders and any Representative of the Holders enter into a confidentiality agreement with the Company (to be approved by the Company in its reasonable discretion) prior to commencing any such audit. The Company shall provide such independent auditor and to the extent such Person has executed a confidentiality agreement reasonably satisfactory to the Company, the Holders and their Representatives with reasonable access to all such books and records relevant to the Milestone Events and shall reasonably cooperate with such independent auditor and to the extent involved, the Holders and their Representatives' efforts to conduct such audits. The Company shall use commercially reasonable efforts cause each Product Partner to grant the Company audit rights under the Company's Contract with such Product Partner consistent with those granted to Holders by the Company under this Section 3(d) and upon the reasonable request of Purchasers, which request may not be made more than once per year, the Company shall within ten (10) days of such request, exercise such audit rights and audit such Product Partner's books and records (to

the extent permitted under the Company's Contract with such Product Partner) and shall use commercially reasonable efforts to, provide Purchasers with a written report as to the results of such audit within thirty (30) days of the initial request for such audit.

(e) Termination of Milestone Rights. If the conditions to the Company's ability to draw Tranche 2 under the Facility Agreement have not been satisfied upon release of Phase III Data for the Product, and the Company, within 60 days after the release of such data, repays the entire outstanding principal of Tranche 1 for an amount equal to 110% of such principal, plus the payment of all accrued, unpaid interest, the Milestone Rights shall terminate except for the right to receive accrued and unpaid Milestone Payments, if any, hereunder as of the date of termination.

(f) Reduction in Milestone Payments.

(i) If the Lenders fail to fund any portion of a Tranche under the Facility Agreement that they are obligated to fund, then each Milestone Payment, as well as the aggregate amount of Milestone Payments, due hereunder will be reduced by multiplying such payment by the quantity one minus the quotient of (y) amounts wrongfully not funded under the Facility Agreement divided by (z) $160,000,000, with any payments in respect of a Milestone Payment occurring prior to such reduction made in excess such Milestone Payment after giving effect to such reduction being allocated to reduce, on a pro rata basis, all subsequent Milestone Payments.

(ii) If the Company, despite its best efforts, is unable to satisfy the conditions set forth in clauses (b)(ii), (c)(iii) or (d)(iii) of Section 4.1 of the Facility Agreement, and the Lenders do not fund the relevant Tranche, then each Milestone Payment, as well as the aggregate of amount of Milestone Payments, due hereunder will be reduced by multiplying such payment by the quantity one minus the quotient of (y) amounts Lenders elects not to fund under the Facility Agreement divided by (z) $160,000,000, with any payments in respect of a Milestone Payment occurring prior to such reduction made in excess such Milestone Payment after giving effect to such reduction being allocated to reduce, on a pro rata basis, all subsequent Milestone Payments.

4. Covenants of the Company. So long as any Milestone Rights remain outstanding, the Company covenants and agrees that:

(a) Regulatory Approvals. The Company shall use commercially reasonable efforts to obtain approval from the FDA to market the Product in the United States.

(b) Marketing of Product. Upon approval to market the Product in the United States, the Company shall use commercially reasonable and appropriate actions to manufacture, package, label, distribute, offer for sale and sell, or have manufactured, packaged, labeled, distributed, offered for sale and sell, the Product within the United States.

(c) Certain Restrictions imposed by Indebtedness. As of the date hereof, the Company represents and warrants that it is not party to any Contract that prohibits, restricts or imposes limitations on its ability to make the payments that are or may be required to be paid to Purchasers under this Agreement. From and after the date hereof, the Company shall not enter

into, or amend, any Contract that expressly prohibits, restricts or imposes conditions on the Company's ability to make the payments that are required to be paid to Purchasers under this Agreement; provided that the foregoing shall not apply to (i) restrictions imposed by any Legal Requirement or by the Facility Agreement, and (ii) covenants and other restrictions imposed under Contracts on the Company's ability to transfer or otherwise dispose of assets (including, without limitation, net worth requirements and restrictions on cash or other deposits) provided that such covenants and restrictions do not specifically prohibit, restrict or condition the Company's ability to make any payments hereunder.

(d) No Transfer Without Consent; Security. The Company shall not transfer (whether by sale, assignment, merger, change of control, conveyance of rights, deed of trust, lien, license, sublicense, seizure or other transfer of any sort, voluntary or involuntary, including by operation of law) (each a "***Transfer***")) any of its right, title or interest in or to the Product Intellectual Property or Product Regulatory Rights; provided, however, that the foregoing shall not prohibit (i) any Excluded Transaction (as defined in the Facility Agreement), (ii) any Transfer to a Wholly Owned Subsidiary (as defined in the Facility Agreement), and (iii) any other Transfer of the Product Intellectual Property or Product Regulatory Rights after the Notes are repaid in full or the holders of the Notes do not elect to exercise their rights to require repayment of the Notes under Section 2.3(d) of the Facility Agreement upon a Major Transaction Event; provided that the transferee agrees to be obligated together with Company for performance of the obligations to the Holders under this Agreement (each a "***Permitted Transfer***"). For so long as the Notes remain outstanding, the obligations of the Company under this Agreement and the Milestone Rights shall have benefit of the security interests granted pursuant to that certain Guaranty and Security Agreement, dated as of the date hereof, among the Company, the guarantors and grantors party thereto from time to time, and the secured parties thereto. In the event that the Company makes a Transfer which is not a Permitted Transfer, all Milestone Triggering Events shall be deemed to have occurred and all corresponding Milestone Payments shall be immediately due and payable in full.

5. Representations and Warranties of the Company. The Company represents and warrants to Purchasers as follows as of the date of this Agreement:

(a) Organization; Good Standing. The Company is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The Company has the requisite power and authority to own, lease or use its properties and assets and to conduct its business as presently conducted.

(b) Consents and Approvals; No Violation. The execution, delivery and performance of this Agreement by the Company and the consummation of the transactions therein contemplated will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien upon any assets of the Company pursuant to, any agreement to which the Company is a party or by which the Company is bound or to which any of the assets of the Company are subject, (B) result in any violation of or conflict with the provisions of the Organizational Documents or (C) result in the violation of any law or any judgment, order, rule, regulation or decree of any Governmental Authority, except in cases of clause (A) and (C) above, for any violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(c) Compliance with Laws. The Company is in compliance with all Legal Requirements applicable to the conduct of its business, except as would not, individually or in the aggregate, result in a Material Adverse Effect. The Company has not received any written notice from any Governmental Authority within the United States regarding (i) any actual, alleged or potential material violation of or material liability under any Legal Requirement, or (ii) any actual, alleged, or potential material obligation of the Company to undertake or pay for any response action required by any Legal Requirement.

(d) Issuance of Securities. The Milestone Rights are duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued. Assuming the accuracy of each of the representations and warranties set forth in Section 2 of this Agreement, the offer and issuance by the Company of the Milestone Rights is exempt from registration under the Securities Act.

(e) No General Solicitation. Neither the Company nor any of its subsidiaries, or any of its or their affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Milestone Rights.

(f) No Integrated Offering. None of the Company, its subsidiaries, any of their affiliates, and any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Milestone Rights under the Securities Act, whether through integration with prior offerings or otherwise, or cause this offering of the Milestone Rights to require approval of stockholders of the Company for purposes of any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed or designated. None of the Company, its subsidiaries, their affiliates and any Person acting on their behalf will take any action or steps referred to in the preceding sentence that would require registration of the issuance of any of the Milestone Rights under the Securities Act or cause the offering of the Milestone Rights to be integrated with other offerings for purposes of any such applicable stockholder approval provisions.

(g) Regulatory Compliance.

(i) Neither the Company, nor, to the Company's knowledge, any officer or employee of the Company or any agents or contractor of the Company is the subject of any pending or threatened investigation by the FDA pursuant to its "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto, or by any other comparable Governmental Authority to invoke any similar policy. None of the Company nor, to the Company's knowledge, any officer or employee of the Company or any agent or contractor of the Company has (A) made any untrue statement of material fact or fraudulent statement to the FDA, DEA, or any other Governmental Authority relating to the Company or the Product; (B) failed to disclose a material fact required to be disclosed to the FDA or DEA in respect of the Product, or (C) committed an act, made a statement, or failed to make a statement that would reasonably be expected to provide the basis for

the FDA or any other Governmental Authority to invoke the FDA's "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy with respect to the Company or the Product.

(ii) Neither the Company nor, to the knowledge of the Company, any officer or employee of the Company has been debarred or been convicted of any crime or engaged in any conduct that did or could result in debarment under 21 U.S.C. § 335a, exclusion from federal healthcare programs under 42 U.S.C. § 1320a-7, disqualification as a clinical investigator under 21 C.F.R. § 312.70 or any similar Legal Requirements within the United States, and none of the Company or, to the Company's knowledge, any officer or employee of the Company has engaged in any conduct that would reasonably be expected to result in debarment, exclusion, or disqualification from U.S. federal health care programs.

(iii) The Company has not received any written notice or communication from the FDA, DEA, or other Governmental Authority requiring termination or suspension of sale of the Product or alleging noncompliance with any applicable FDA Law, DEA Law, or other Legal Requirements applicable within the United States with regard to the Product.

6. Representations and Covenants of the Holders. Each of the Purchasers represents, warrants and covenants to the Borrower as of the date hereof (and each Holder acquiring any Milestone Rights represents, warrants and covenants as of the date of its acquisition of any Milestone Rights):

(a) Such Purchaser is acquiring the Milestone Rights for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, such Purchaser does not agree, or make any representation or warranty, to hold any of the Milestone Rights for any minimum or other specific term and reserves the right to dispose of the Milestone Rights at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. Such Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Milestone Rights in violation of applicable securities laws. As used in this Agreement, "***Person***" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof. Each of the Purchasers also represents that the entire legal and beneficial interests of the Milestone Rights such Purchaser is acquiring is being acquired for, and will be held for, its account only.

(b) Such Purchaser understands that the Milestone Rights are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Milestone Rights.

(c) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to bear the economic risks of its investment. The Milestone Rights must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption for such registration is available.

(d) The Milestone Rights may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met, including, among other things, the availability of certain current public information about the Company and the resale following the required holding period under Rule 144.

(e) It will not make any disposition of all or any part of the Milestone Rights until:

(i) The Company shall have received a letter secured by such Purchaser from the SEC stating that no action will be recommended to the SEC with respect to the proposed disposition;

(ii) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

(iii) Such Purchaser shall have notified the Company of the proposed disposition and, in the case of a sale or transfer in a so called "4(1) and a half" transaction, shall have furnished counsel for the Company with an opinion of counsel on customary form. The Company agrees that it will not require an opinion of counsel with respect to transactions under Rule 144 of the Securities Act.

(f) It understands and agrees that the Milestone Rights issued to the Purchasers may bear the following legend.

"THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT."

(g) Such Purchaser is an "accredited investor" as defined in Regulation D promulgated the Securities Act.

7. Miscellaneous Provisions.

(a) Further Assurances. Each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to give effect to the transactions contemplated by this Agreement.

(b) Survival of Representations and Warranties. The representations and warranties of the parties contained in this Agreement shall survive the execution and delivery of this Agreement and remain in full force and effect.

(c) Amendment. This Agreement may not be amended except by an instrument in writing signed by the Company and Holders holding a majority of the Milestone Rights.

(d) Waiver. No failure on the part of any Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

(e) Entire Agreement; Counterparts; Exchanges by Facsimile. This Agreement, and the other agreements referred to in this Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the Parties with respect to the subject matter hereof and thereof; provided, however, that any existing confidentiality agreements shall not be superseded and shall remain in full force and effect in accordance with its terms. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Agreement (in counterparts or otherwise) by all Parties by facsimile or portable document format (PDF) shall be sufficient to bind the Parties to the terms and conditions of this Agreement.

(f) Applicable Law; Jurisdiction.

(i) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State. All legal proceedings concerning the interpretation and enforcement of this Agreement (whether brought against a party or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in The City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or other proceeding, any claim that it is not personally ‘subject to the jurisdiction of any such court, that such suit, action or other proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or other proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing

contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provision of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

(g) Assignability; No Third Party Beneficiaries. This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the Parties and their respective successors and assigns. The Company may not assign any of its rights or obligations hereunder without the prior written consent of Holders, and any attempted assignment or delegation of this Agreement or any of such rights or obligations by the Company without Holders' prior written consent shall be void and of no effect. Holders may assign their rights under this Agreement to any other Person without the prior written consent of the Company or any other Person; provided that (i) the Holder shall have complied with the provisions of Section 6 of the Milestone Certificate and Section 7(g)(ii) hereof, (ii) any such transferee Person shall make the representations and agree to covenants set forth in Section 6, (iii) except in the case of any assignment or transfer pursuant to an effective registration statement covering the resale of the Milestone Rights or pursuant to Rule 144, the Holder shall deliver to the Company a legal opinion reasonably acceptable to the Company, (iv) in the case of a transfer to a Foreign Person, such Foreign Person shall have provided to the Company the documentation required pursuant to Section 3(c); and (v) unless an Event of Default shall have occurred and is continuing, no assignment shall be permitted to any (A) Major Pharmaceutical Company and any (B) entity principally engaged in the business of selling insulin or insulin delivery products (an "***Applicable Entity***"); provided, however, that (i) entities that own, directly or indirectly, equity interests in an Applicable Entity as part of a brokerage, insurance business, pension fund (or other benefit fund), investment banking, investment management, investment advisory, lobbying, or publishing business, or (ii) any non-profit research or non-profit enterprise, shall not constitute an Applicable Entity. Notwithstanding the foregoing, nothing in this Section 7(h) shall be deemed to limit or otherwise restrict a merger, consolidation, reorganization or sale of all or substantially all assets of the Company provided that the successor to the Company, if not the Company, in such merger, consolidation or reorganization, or sale of all or substantially all assets (other than any such sale to a Wholly-Owned Subsidiary (as defined in the Facility Agreement)) assumes all of the obligations of the Company under this Agreement and in respect of the Milestone Rights. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than the Company and the Holders) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. For avoidance of doubt, in the event a Holder notifies the Company that a sale or transfer of Milestone Rights is a so called "4(1) and half" transaction, the parties hereto agree that a legal opinion from outside counsel for the Holder delivered to counsel for the Company substantially in the form attached hereto as Exhibit C shall be the only requirement to satisfy an exemption from registration under the Securities Act to effectuate such "4(1) and half" transaction.

(h) Notices. Any notices required or permitted to be given under the terms hereof shall be sent by certified or registered mail (return receipt requested) or delivered personally or by courier (including a recognized overnight delivery service) or by facsimile or by electronic mail and shall be effective five (5) days after being placed in the mail, if mailed by regular

United States mail, or upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, or when red by electronic mail (sender shall have received a “read by recipient” confirmation) in each case addressed to the Party to which it is required or permitted to be given or made at such Party’s address as specified below or such other address as such Party shall have designated by notice to the other Parties.

If to the Company:

28903 North Avenue Paine
Valencia, California 91355
Attn: Matthew Pfeffer
Fax: (661) 775-2099
Email: mpfeffer@mannkindcorp.com

With copy to:

Cooley LLP
101 California Street
San Francisco, CA 94111-5800
Fax: (415) 693-2222
Email: gmamarca@cooley.com

If to the Purchasers:

Deerfield Management Company, L.P.
780 Third Avenue, 37th Floor
New York, NY 10017
Attn: David J. Clark
Fax: 212-599-3075
Email: dclark@deerfield.com

(i) With a copy to:

Katten Muchin Rosenman LLP
575 Madison Avenue
New York, New York 10022
Attn: Mark I. Fisher, Esq.
Fax: (212) 940-8776
Email: mark.fisher@kattenlaw.com

If to a Holder (other than the Purchasers):

To such address as provided by such Holder in writing at the time such Holder acquires its Milestone Rights.

(j) Severability. Any provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining provisions of this Agreement or the validity or enforceability of the offending provision in any

other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any provision of this Agreement is invalid or unenforceable, the Parties agree that the court making such determination shall have the power to limit such provision, to delete specific words or phrases or to replace such provision with a provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable provision, and this Agreement shall be valid and enforceable as so modified. If such court does not exercise the power granted to it in the prior sentence, the Parties agree to replace such invalid or unenforceable provision with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable provision.

(k) Other Remedies. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

(l) Construction. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; and any gender shall include all genders.

The Parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

Except as otherwise indicated, all references in this Agreement to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits and Schedules to this Agreement.

The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

[Remainder of page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

DEERFIELD PRIVATE DESIGN FUND II, L.P.
By: Deerfield Mgmt, L.P., its General Partner
By: J. E. Flynn Capital, LLC, its General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

HORIZON SANTÉ FLML, SÀRL

By: /s/ Alexis Cazé
Name: Alexis Cazé
Title: Manager A

By: /s/ Florence Gerardy
Name: Florence Gerardy
Title: Manager B

MANNKIND CORPORATION

By: /s/ Matthew J. Pfeffer
Name: Matthew J. Pfeffer
Title: Corporate Vice President and Chief Financial Officer

EXHIBIT A

CAPITALIZED TERMS

"***Affiliate***". An Entity shall be deemed to be a "***Affiliate***" of another Person if such Person directly or indirectly owns or purports to own, beneficially or of record, (a) an amount of voting securities of other interests in such Entity that is sufficient to enable such Person to elect at least a majority of the members of such Entity's board of directors or other governing body, or (b) at least 50% of the outstanding equity, voting, beneficial or financial interests in such Entity.

"***Business Day***" means any day other than a day on which banks in New York, NY are authorized or obligated to be closed.

"***Contract***" means, with respect to any Person, any written agreement, contract, subcontract, lease, credit agreement, indenture, note, mortgage or other instrument to which such Person is a party or by which such Person or any of its assets are bound.

"***Copyright***" means all copyrights and moral rights, including the legal right provided by the Copyright Act of 1976, as amended, to the expression contained in any work of authorship fixed in any tangible medium of expression together with any similar rights arising in any other country as a result of statute or treaty, and all registrations, applications, renewals, extensions and reversions thereof.

"***Cumulative Net Sales***" means, without duplication, the cumulative gross amount invoiced globally for the sale of the Product by the Company, its Affiliates and Product Partners, less typical deductions for trade, cash and quantity discounts, credits, allowances, rebates, taxes, duties, governmental tariffs, freight, shipping and freight insurance charges, all as detailed to Purchasers with each Milestone Event Notice due upon achieving a Milestone Triggering Event based upon Cumulative Net Sales.

"***DEA***" means the United States Drug Enforcement Administration or any successor agency thereto.

"***Default Rate***" means 9.75% per annum or such lesser rate as shall be allowable by law.

"***Entity***" means any corporation (including any non-profit corporation), partnership (including any general partnership, limited partnership or limited liability partnership), joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

"***Facility Agreement***" means that certain Facility Agreement by and between the Company and the Lenders, as it may be amended, restated, extended, substituted or replaced.

"***FDA***" means the United States Food and Drug Administration or any successor agency thereto.

"***Government Authority***" means any government, governmental department, ministry, cabinet, commission, board, bureau, agency, tribunal, regulatory authority, instrumentality, judicial, legislative, fiscal, or administrative body or entity, whether domestic or foreign, federal, state or local, having jurisdiction over the matter or matters and Person or Persons in question.

"***Holders***" means the holders from time to time of the Milestone Rights, which initially shall be the Purchasers.

"***Know-How***" means ideas, designs, concepts, compilations of information, methods, techniques, methodologies, procedures and processes, compositions, specifications, techniques, technical data and information, designs, drawings, customer lists, supplier lists, pricing and financial information, plans and proposals, algorithms and formulas, whether or not patentable.

"***Legal Requirement***" means any federal, state, foreign, local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, judgment, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority.

"***Lenders***" means Deerfield Private Design Fund II, L.P. and Deerfield Private Design International II, L.P. in their capacity as lenders under the Facility Agreement.

"***Lien***" means any lien, pledge, preferential arrangement, mortgage, security interest, deed of trust, charge, assignment, hypothecation, title retention, privilege or other encumbrance on or with respect to property or interest in property having the practical effect of constituting a security interest, in each case with respect to the payment of any obligation with or from the proceeds of, any asset or revenue of any kind. For the avoidance of doubt, any grant or license or option to obtain a license to, or the sale or other transfer of, the Company's Proprietary Rights or other assets to any entity that intends to research and develop or commercialize products or services covered by such intellectual property or embodying or arising from such other assets, whether directly or through the Company or another entity shall not constitute a Lien.

"***Major Pharmaceutical Company***" means any Person engaged in the pharmaceutical or biotechnology industry, who, for the immediately preceding fiscal year, had total revenues in excess of $2,000,000,000 (or its equivalent in another currency).

"***Mark***" means any word, name, symbol, logos or device used by a Person to identify its goods or services, whether or not registered, all goodwill associated therewith, and any right that may exist to obtain a registration with respect thereto from any Governmental Authority and any rights arising under any such application, together with all registrations, renewals, extensions and reversions thereof.

"***Material Adverse Effect***" means a material adverse effect on (a) the business, operations, financial condition or assets of the Company and its subsidiaries, taken as a whole, (b) the validity or enforceability of any provision of this Agreement, (c) the ability of the Company to timely perform its obligations under this Agreement or (d) the rights and remedies of the Holders, as applicable, taken as a whole, under this Agreement.

"***Milestone Rights Certificate***" means a certificate representing any of the Milestone Rights in the form of Exhibit B.

"***Notes***" means the Notes as defined in the Facility Agreement.

"***Party***" or "***Parties***" means the Company and each Holder.

"***Patent***" means any patent granted by the United States Patent and Trademark Office or by the comparable agency of any other country, and any renewal, thereof, and any rights arising under any patent application filed with the United States Patent and Trademark Office or the comparable agency of any other country and any rights that may exist to file any such application, including all continuations, divisional, continuations-in-part and provisionals and patents issuing thereon, and all reissues, reexaminations, substitutions, renewals and extensions thereof.

"***Person***" means any individual, Entity or Governmental Authority.

"***Phase III Data***" means data relating to the Company's Phase III clinical trials 171 and 175 of the Product.

"***Product***" means AFREZZA® (insulin human [rDNA origin]) inhalation powder as specified in New Drug Application No. 22-472 filed with the FDA and any bioequivalent thereto produced or sold by the Company, the Subsidiaries or any Product Partner or any of its Subsidiaries.

"***Product Intellectual Property***" means all Proprietary Rights owned or licensed by the Company and its Affiliates that is, or may hereafter be, necessary to develop, make, have made, promote, market or sell the Product.

"***Product Launch***" means the first commercial sale of the Product in the United States.

"***Product Partner***" means any Person (a) with whom the Company has entered into a license, collaboration, co-promotion or other partnering agreement providing for the commercialization of the Product within the United States or (b) that has assumed the Company's obligations under this Agreement and in respect of the Milestone Rights pursuant to Section 4(d) hereof.

"***Product Partner Event***" means the closing of any license, collaboration, co-promotion or other partnering agreement by the Company or any Affiliate providing for the commercialization of the Product within the United States.

"***Product Regulatory Rights***" means each and every investigational new drug application or new drug application and/or state or foreign license or registration that is held or obtained (if any) that is necessary to develop, conduct clinical trials relating to, manufacture, have manufactured, distribute, promote, market or sell the Product.

"***Proprietary Rights***" means, with respect to a Person, all Copyrights, Marks, Trade Names, Trade Secrets, Patents, intellectual property rights in inventions and discoveries, intellectual property rights in internet web sites and internet domain names and subdomain names and intellectual property rights in Know-How, owned or used by such Person.

"***Representatives***" of any Person, means directors, officers, other employees, agents, attorneys, accountants, advisors and representatives of such Person.

"***SEC***" means the Securities and Exchange Commission.

"***Securities Exchange Act***" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

"***Securities Act***" means the Securities Act of 1933, as amended, including rules and regulations promulgated thereunder.

"***Subsidiary or Subsidiaries***" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

"***Trade Names***" means any words, name or symbol used by a Person to identify its business.

"***Trade Secrets***" means business or technical information of any Person including, but not limited to, customer lists, marketing data and Know-How, that is not generally known to other Persons who are not subject to an obligation of nondisclosure and that derives actual or potential commercial value from not being generally known to other Persons.

"***Tranche***" means each loan of $40,000,000 by Lenders to the Company under the Facility Agreement.

"***Tranche 1***" means the initial loan of $40,000,000 by Lenders to the Company under the Facility Agreement.

"***Tranche 2***" means the second loan of $40,000,000 by Lenders to the Company under the Facility Agreement.

EXHIBIT B

FORM OF MILESTONE RIGHTS CERTIFICATE

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT INCLUDING, WITHOUT LIMITATION, PURSUANT TO RULE 144 UNDER SAID ACT.

MANNKIND CORPORATION

No. Certificate for Milestone Rights

This certifies that [ ], or registered assigns (the "***Holder***"), is the registered holder of the number of Milestone Rights ("***Securities***") set forth above. Each Security entitles the Holder, subject to the provisions contained herein and in the Milestone Agreement referred to on the reverse hereof, to payments from MannKind Corporation, a Delaware corporation (the "***Company***"), in the amounts and in the forms determined pursuant to the provisions set forth on the reverse hereof and as more fully described in the Milestone Agreement referred to on the reverse hereof. Such payments shall be made on each Milestone Payment Date, as defined in the Milestone Agreement referred to on the reverse hereof.

Reference is hereby made to the further provisions of this certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

MannKind Corporation

By: _____

Name:
Title:

Dated:

[Form of Reverse of Milestone Rights Certificate]

1. This certificate is issued under and in accordance with the Milestone Rights Purchase Agreement, dated as of [—], 2013 (the "***Milestone Agreement***"), between the Company, Deerfield Private Design Fund II, L.P. and Horizon Santé FLML SÀRL, and is subject to the terms and provisions contained in the Milestone Agreement, to all of which terms and provisions the Holder of this certificate consents by acceptance hereof. The Milestone Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the Milestone Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company and the Holders of the Milestone Rights. All capitalized terms used in this certificate without definition shall have the respective meanings ascribed to them in the Milestone Agreement.

2. In the event of any conflict between this certificate and the Milestone Agreement, the Milestone Agreement shall govern and prevail.

3. Subject to the terms and conditions of the Milestone Agreement, on any Milestone Payment Date, the Company shall pay to the Holder hereof for each Milestone Right represented hereby, the 1/1000th of the aggregate Milestone Payment payable on such Milestone Payment Date.

4. Milestone Payments may be paid in cash by federal wire transfer to the Holder as directed by the Holder. The Holder by acceptance hereof agrees to provide promptly upon request the Company with all requisite wire transfer or other payment instructions.

5. The Milestone Rights represented by this certificate are subject to termination as provided in Section 3(e) of the Milestone Agreement and Milestone Payments are subject to reduction as provided in Section 3(f) of the Milestone Agreement.

6. As provided in the Milestone Agreement and subject to certain limitations therein set forth, the transfer of the Milestone Rights represented by this Certificate is registrable on the Register, upon surrender of this certificate for registration of transfer with the Company, accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new certificates, for the same amount of Milestone Rights, shall be issued to the designated transferee or transferees.

7. Prior to the time of due presentment of this certificate for registration of transfer, the Company may treat the Person in whose name this certificate is registered as the owner hereof for all purposes, and neither the Company nor any Representative of the Company shall be affected by notice to the contrary.

8. This certificate shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State.

EXHIBIT C

FORM OF OPINION

, 20

[ ]

Re: Mannkind Corporation (the "Company")

Dear Sir:

[ ] ("[ ]") intends to transfer of its Milestone Rights (the "Rights") of the Company to (" ") without registration under the Securities Act of 1933, as amended (the "Securities Act"). In connection herewith, we have examined such documents and issues of law as we have deemed relevant.

Based on and subject to the foregoing, we are of the opinion that the transfer of the Rights by to may be effected without registration under the Securities Act, provided, however, that the Rights to be transferred to contain a legend restricting its transferability pursuant to the Securities Act and that transfer of the Rights is subject to a stop order.

The foregoing opinion is furnished only to and may not be used, circulated, quoted or otherwise referred to or relied upon by you for any purposes other than the purpose for which furnished or by any other person for any purpose, without our prior written consent.

Very truly yours,

Exhibit 99.4

EXECUTION VERSION

GUARANTY AND SECURITY AGREEMENT

among

MANNKIND CORPORATION

and

THE OTHER PARTIES HERETO,
as Grantors and Guarantors,

and

DEERFIELD PRIVATE DESIGN FUND II, L.P. and
DEERFIELD PRIVATE DESIGN INTERNATIONAL II, L.P.,
as Purchasers

and

DEERFIELD PRIVATE DESIGN FUND II, L.P. and HORIZON SANTÉ FLML SÀRL, as Milestone Creditors

July 1, 2013

GUARANTY AND SECURITY AGREEMENT

THIS GUARANTY AND SECURITY AGREEMENT dated as of July 1, 2013 (this "Agreement") is entered into among MANNKIND CORPORATION, a Delaware corporation ("Borrower"), MANNKIND LLC, a Delaware limited liability company ("MLLC"), and each other Person signatory hereto as a Grantor (together with Borrower and MLLC and any other Person that becomes a party hereto as provided herein, the "Grantors" and each, a "Grantor") in favor of DEERFIELD PRIVATE DESIGN FUND II, L.P. and DEERFIELD PRIVATE DESIGN INTERNATIONAL II, L.P. (the "Purchasers") and DEERFIELD PRIVATE DESIGN FUND II, L.P., and HORIZON SANTÉ FLML SÀRL ("Milestone Creditors", and together with the Purchasers, each a "Secured Creditor" and collectively the "Secured Creditors").

RECITALS

A. Purchasers have agreed to purchase secured convertible notes in the aggregate principal amount of up to One Hundred Sixty Million Dollars ($160,000,000) from Borrower pursuant to the Facility Agreement (defined below). Borrower is affiliated with each other Grantor.

B. Borrower is obligated and indebted to Milestone Creditors pursuant to milestone rights (the "Milestone Rights") issued and sold pursuant to that certain Milestone Rights Purchase Agreement of even date herewith (as amended, supplemented, restated or otherwise modified from time to time, the "Milestone Agreement") between Borrower and Milestone Creditors.

C. The Borrower and the Grantors are engaged in interrelated businesses, and each Grantor will derive substantial direct and indirect benefit from extensions of credit under the Facility Agreement.

D. It is a condition precedent to Purchasers' obligation to extend credit under the Facility Agreement that the Grantors shall have executed and delivered this Agreement to Purchasers.

In consideration of the premises and to induce Purchasers to enter into the Facility Agreement and to induce Purchasers to extend credit thereunder, each Grantor hereby agrees with Secured Creditors as follows:

SECTION 1 DEFINITIONS.

1.1 Unless otherwise defined herein, terms defined in the Facility Agreement and Milestone Agreement and used herein shall have the meanings given to them in the Facility Agreement and Milestone Agreement, and the following terms are used herein as defined in the UCC: Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Farm Products, General Intangibles, Goods, Health Care Insurance Receivables, Instruments, Inventory, Leases, Letter-of-Credit Rights, Money, Payment Intangibles, Supporting Obligations, Tangible Chattel Paper.

1.2 When used herein the following terms shall have the following meanings:

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Borrower Obligations" means all Obligations of the Borrower under the Facility Agreement and in respect of the Notes and all obligations of Borrower to Milestone Creditors under the Milestone Agreement and in respect of the Milestone Rights.

"Closing Date" means the date of this Agreement.

"Collateral" means any and all property or other assets, now existing or hereafter acquired or created, real or personal, tangible or intangible, wherever located, and whether owned by, consigned to, or held by, or under the care, custody or control of Grantors (or any of them), including:

(a) money, cash, and cash equivalents;

(b) Accounts and all of each Grantor's rights and benefits under the Accounts, including, but not limited to, each Grantor's right to receive payment in full of the obligations owing to such Grantor thereunder, whether now or hereafter existing, together with any and all guarantees, other Supporting Obligations and/or security therefore, as well as all of Grantors' Books and Records relating thereto;

(c) Deposit Accounts, other bank and deposit accounts (including any bank accounts maintained by Grantors (or any of them)), and all sums on deposit in any of them, and any items in such accounts;

(d) Investment Property;

(e) Inventory, Equipment, Fixtures, and other Goods;

(f) Chattel Paper, Documents, and Instruments;

(g) letters of credit and Letter of Credit Rights;

(h) Supporting Obligations;

(i) Commercial Tort Claims and all other Identified Claims;

(j) books and records;

(k) General Intangibles (including all Intellectual Property, claims, Payment Intangibles, contract rights, choses in action, and software);

(l) all of each Grantor's other interests in property of every kind and description, and the products, profits, rents of, dividends or distributions on, or accessions to such property; and

(m) all Proceeds (including insurance claims and insurance proceeds) of any of the foregoing, regardless of whether the Collateral, or any of it, is property as to which the UCC provides the perfection of a security interest, and all rights and remedies applicable to such property.

Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof. Notwithstanding the foregoing, "Collateral" shall not include Excluded Property.

"Control Agreement" means an agreement among a Grantor or any of its Subsidiaries, Secured Creditors and (i) a securities intermediary with respect to securities, whether certificated or uncertificated, securities entitlements and other financial assets held in a securities account in the name of such Grantor, (ii) a futures commission merchant or clearing house, as applicable, with respect to commodity accounts and commodity contracts held by such Grantor, or (iii) a bank with respect to a Deposit Account, whereby, among other things, the issuer, securities intermediary or futures commission merchant, or bank

limits any Lien that it may have in the applicable financial assets or Deposit Account in a manner reasonably satisfactory to Secured Creditors, acknowledges the Lien of Secured Creditors on such financial assets or Deposit Account, and agrees to follow the instructions or entitlement orders of Secured Creditors without further consent by such Grantor. For purposes of any Control Agreement, Deerfield Private Design Fund II, L.P. shall serve as agent for the Secured Creditors.

"Excluded Accounts" shall mean (a) any Deposit Account of a Grantor that is used by such Grantor solely as a payroll account for the employees of Borrower or its Subsidiaries or the funds in which consist solely of funds held by any Grantor in trust for any director, officer or employee of any Grantor or any employee benefit plan maintained by any Grantor or funds representing deferred compensation for the directors and employees of any Grantor, (b) escrow accounts, Deposit Accounts and trust accounts, in each case either securing Permitted Liens or otherwise entered into in the ordinary course of business and consistent with prudent business practice conduct where the applicable Grantor holds the funds exclusively for the benefit of an unaffiliated third party, (c) accounts that are swept to a zero balance on a daily basis to a Deposit Account that is subject to a Control Agreement, and (d) Deposit Accounts and securities accounts held in jurisdictions outside the United States.

"Excluded Property" means, collectively, (a) any permit, license or agreement entered into by any Grantor (i) to the extent that any such permit, license or agreement or any requirement of law applicable thereto prohibits the creation of a Lien thereon, but only to the extent, and for as long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other requirement of law, (ii) which would be abandoned, invalidated or unenforceable as a result of the creation of a Lien in favor of Secured Creditors or (iii) to the extent that the creation of a Lien in favor of Secured Creditors would result in a breach or termination pursuant to the terms of or a default under any such permit, license or agreement (other than to the extent that any such term would be rendered ineffective pursuant to the Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or any other applicable law (including the Bankruptcy Code) or principles of equity), (b) property owned by any Grantor that is subject to a purchase money Lien or a capital lease permitted under the Facility Agreement if the agreement pursuant to which such Lien is granted (or in the document providing for such capital lease) prohibits or requires the consent of any Person other than a Grantor and its Affiliates which has not been obtained as a condition to the creation of any other Lien on such property, (c) any "intent to use" trademark applications for which a statement of use has not been filed (but only until such statement is filed), (d) Insulin Inventory and any equity interests in any Insulin Subsidiary, (e) the Oncology Assets and any equity interests in any Oncology Subsidiary, (f) equity interests in joint ventures or any non-Wholly Owned Subsidiaries to the extent not permitted by the terms of such entity's Organization Documents or joint venture documents, (g) voting equity interests in a Foreign Subsidiary or Foreign Subsidiary Holding Company that is not a Grantor, in excess of 65% of the total voting equity interests in such Subsidiary, to the extent the pledge thereof would result in material adverse Tax consequences to Borrower and its Subsidiaries as determined in good faith by Borrower, (h) any assets (including intangibles) not located in the United States to the extent the grant of a security interest therein is restricted or prohibited by applicable law or contract (after giving effect to applicable anti-assignment provisions of the UCC or other applicable law), (i) any property and assets subject to Permitted Liens securing debt permitted by clause (xiv) of the definition of Permitted Indebtedness, (j) motor vehicles and other assets subject to certificates of title, and (k) the Real Property Collateral; provided, however, "Excluded Property" shall not include any proceeds, products, substitutions or replacements of Excluded Property (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Property).

"Facility Agreement" means the Facility Agreement of even date herewith between Borrower and Purchasers, as amended, supplemented, restated or otherwise modified from time to time.

"Grantor" has the meaning set forth in the preamble of this Agreement.

"Guarantor Obligations" means, collectively, with respect to each Guarantor, all obligations and liabilities of such Guarantor to Secured Creditors under this Agreement.

"Guarantors" means the collective reference to each Grantor (other than Borrower) and "Guarantor" means any of them.

"Identified Claims" means the Commercial Tort Claims described on Schedule G of the Disclosure Letter as such schedule shall be supplemented from time to time in accordance with the terms and conditions of this Agreement.

"Insulin Inventory" means any insulin owned by Borrower and its Subsidiaries and any contractual rights and obligations pursuant to which Borrower purchases or has purchased such insulin, including without limitation, the agreements set forth on Schedule H of the Disclosure Letter.

"Investment Property" means the collective reference to (a) all "investment property" as such term is defined in Section 9-102(a)(49) of the UCC, (b) all "financial assets" as such term is defined in Section 8-102(a)(9) of the UCC, and (b) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Equity.

"Issuers" means the collective reference to each issuer of any Investment Property.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or otherwise), security interest or other security arrangement and any other preference, priority or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement.

"Oncology Assets" means any Intellectual Property and other assets related to Borrower's oncology programs, including without limitation, the patents and trademarks set forth on Schedule I of the Disclosure Letter and any licenses relating to the foregoing.

"Paid in Full" means with respect to a Purchaser (a) all Secured Obligations to such Purchaser (other than contingent claims for indemnification or reimbursement not then asserted and Secured Obligations to Milestone Creditors under the Milestone Agreement and in respect of the Milestone Rights) have been indefeasibly repaid in full in cash and have been fully performed, (b) all other obligations (other than contingent claims for indemnification or reimbursement not then asserted) under the Facility Agreement and the other Transaction Documents (other than the Milestone Agreement and any other document delivered in connection therewith) have been completely discharged, and (c) all commitments of such Purchaser, if any, to extend credit that would constitute Borrower Obligations have been terminated or have expired.

"Pledged Equity" means the equity interests listed on Schedule A of the Disclosure Letter, together with any other equity interests, certificates, options or rights of any nature whatsoever in respect of the equity interests of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

"Pledged Notes" means all promissory notes listed on Schedule A of the Disclosure Letter, all intercompany notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

"Proceeds" means all "proceeds" as such term is defined in Section 9-102(a)(64) of the UCC and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Real Property Collateral" means the Property under and as defined in that certain Deed of Trust, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents (Valencia, CA) dated as of the date hereof made by the Borrower to Fidelity National Title Company, as trustee for the benefit of the Secured Creditors and that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Danbury, CT) dated as of the date hereof by the Borrower in favor of the Secured Creditors.

"Receivable" means any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Accounts).

"Secured Obligations" means, in the case of Borrower, the Borrower Obligations and, in the case of each Guarantor, its Guarantor Obligations.

"Securities Act" means the Securities Act of 1933, as amended.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of New York; provided that, to the extent that the Uniform Commercial Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Uniform Commercial Code, the definition of such term contained in Article or Division 9 shall govern; provided further that, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Secured Creditors' Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

SECTION 2 GUARANTY.

2.1 Guaranty.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, as a primary obligor and not only a surety, guarantees to Secured Creditors and their successors and permitted assigns, the prompt and complete payment and performance by Borrower of the Borrower Obligations when due (whether at the stated maturity, by acceleration or otherwise).

(b) The guaranty contained in this Section 2 is a guaranty of payment and shall remain in full force and effect until all of the Secured Obligations to such Purchaser under the Facility Agreement and in respect of the Notes shall have been Paid in Full.

(c) No payment made by Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by Secured Creditors from Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Secured Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which Guarantor shall, notwithstanding any such payment (other than any payment received or collected from such Guarantor in respect of the Secured Obligations), remain liable for the Secured

Obligations until the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes are Paid in Full. Upon the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes being Paid in Full, the guaranty under this Agreement shall be terminated automatically without any further action.

2.2 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by Secured Creditors, no Guarantor shall be entitled to be subrogated to any of the rights of Purchasers against Borrower or any other Guarantor or any collateral security or guaranty or right of offset held by Purchasers for the payment of the Secured Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrowers or any other Guarantor in respect of payments made by such Guarantor hereunder, until all of the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes are Paid in Full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes shall not have been Paid in Full, such amount shall be held by such Guarantor in trust for Secured Creditors, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to Secured Creditors in the exact form received by such Guarantor (duly indorsed by such Guarantor to Purchasers, if required), to be applied against the Secured Obligations, whether matured or unmatured, in a manner consistent with the provisions of the Facility Agreement and Milestone Agreement.

2.3 Amendments, etc. with respect to the Secured Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Secured Obligations made by any Secured Creditor may be rescinded by any Secured Creditor and any of the Secured Obligations continued, and the Secured Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guaranty therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Secured Creditor, and the Facility Agreement, Milestone Agreement and the other Transaction Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as Secured Creditors may deem advisable from time to time. Secured Creditors shall have no obligation to protect, secure, perfect or insure any Lien at any time held by them as security for the Secured Obligations or for the guaranty contained in this Section 2 or any property subject thereto.

Secured Creditors may, from time to time, in their reasonable discretion and without notice to the Guarantors (or any of them), take any or all of the following actions: (a) retain or obtain a security interest in any personal property to secure any of the Secured Obligations or any obligation hereunder, (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the undersigned, with respect to any of the Secured Obligations, (c) extend or renew any of the Secured Obligations for one or more periods (whether or not longer than the original period), alter or exchange any of the Secured Obligations, or release or compromise any obligation of any of the undersigned hereunder or any obligation of any nature of any other obligor with respect to any of the Secured Obligations, (d) release any guaranty or right of offset or its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any personal property securing any of the Secured Obligations or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such personal property, and (e) resort to the undersigned (or any of them) for payment of any of the Secured Obligations when due, whether or not Secured Creditors shall have resorted to any personal property securing any of the Secured Obligations or any obligation hereunder or shall have proceeded against any other of the undersigned or any other obligor primarily or secondarily obligated with respect to any of the Secured Obligations.

2.4 Waivers.

(a) To the extent permitted by applicable law, each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Secured Obligations and notice of or proof of reliance by Secured Creditors upon the guaranty contained in this Section 2 or acceptance of the guaranty contained in this Section 2. The Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guaranty contained in this Section 2, and all dealings between Borrower and any of the Guarantors, on the one hand, and any Secured Creditor, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guaranty contained in this Section 2. To the extent permitted by applicable law, each Guarantor waives (a) diligence, presentment, protest, demand for payment and notice of default, dishonor or nonpayment and all other notices whatsoever to or upon Borrower or any of the Guarantors with respect to the Secured Obligations, (b) notice of the existence or creation or non-payment of all or any of the Secured Obligations and (c) all diligence in collection or protection of or realization upon any Secured Obligations or any security for or guaranty of any Secured Obligations.

(b) Upon the existence and continuance of an Event of Default, Secured Creditors in their sole discretion, without prior notice to or consent of any Guarantor, may elect to: (i) foreclose either judicially or nonjudicially against any real or personal property security it may hold for the Secured Obligations under the Transaction Documents or the Milestone Agreement, (ii) accept a transfer of any such security in lieu of foreclosure, (iii) compromise or adjust the Secured Obligations or any part of it or make any other accommodation with Borrower or Guarantors, or (iv) exercise any other remedy against any Grantor or any security. No such action by Secured Creditors shall release or limit the liability of any Guarantor, who shall remain liable under this Guaranty after the action, even if the effect of the action is to deprive such Guarantor of any subrogation rights, rights of indemnity, or other rights to collect reimbursement from any Grantor for any sums paid to Secured Creditors, whether contractual or arising by operation of law or otherwise. Each Guarantor expressly agrees that under no circumstances shall it be deemed to have any right, title, interest or claim in or to any real or personal property to be held by Secured Creditors or any third party after any foreclosure or transfer in lieu of foreclosure of any security for the Secured Obligations.

(c) Each Guarantor understands and acknowledges that if a Secured Creditor forecloses judicially or nonjudicially against any real property security for the Secured Obligations, that foreclosure could impair or destroy any ability that such Guarantor may have to seek reimbursement, contribution or indemnification from Borrower or others based on any right each Guarantor may have of subrogation, reimbursement, contribution or indemnification for any amounts paid by such Guarantor under this guaranty. Each Guarantor further understands and acknowledges that in the absence of this Section, such potential impairment or destruction of such Guarantor's rights, if any, may entitle such Guarantor to assert a defense to this guaranty based on Section 580d of the California Code of Civil Procedure as interpreted in *Union Bank v. Gradsky*, 265 Cal.App.2d 40 (1968). By executing this guaranty, each Guarantor freely, irrevocably and unconditionally: (i) waives and relinquishes that defense and agrees that Guarantor will be fully liable under this guaranty even though Lender may foreclose judicially or nonjudicially against any real property security for the Loan; (ii) agrees that Guarantor will not assert that defense in any action or proceeding which any Secured Creditor may commence to enforce this guaranty; (iii) acknowledges and agrees that the rights and defenses waived by each Guarantor under this guaranty include any right or defense that such Guarantor may have or be entitled to assert based upon or arising out of any one or more of Sections 580a, 580b, 580d or 726 of the California Code of

Civil Procedure or Section 2848 of the California Civil Code; and (iv) acknowledges and agrees that each Secured Creditor is relying on this waiver in purchasing the Notes or the Milestone Rights, as applicable, and that this waiver is a material part of the consideration which each Secured Creditor is receiving for paying the purchase price for the Notes and the Milestone Rights.

(d) Each Guarantor waives any rights and defenses that are or may become available to such Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code.

(e) Each Guarantor waives all rights and defenses that such Guarantor may have because the Borrower's Obligations are secured by real property. This means, among other things:

(i) Secured Creditor may collect from any Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower or another Guarantor.

(ii) If any Secured Creditor forecloses on any real property collateral pledged by Borrower or any Guarantor:

(A) The amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(B) Secured Creditor may collect from such Guarantor even if Secured Creditor, by foreclosing on the real property collateral, has destroyed any right such Guarantor may have to collect from Borrower.

This Section is an unconditional and irrevocable waiver of any rights and defenses each Guarantor may have because the Secured Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

Each Guarantor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

2.5 Payments. Each Guarantor hereby guaranties that payments hereunder will be paid to Secured Creditors without set-off or counterclaim in Dollars at the office of Secured Creditors specified in the Facility Agreement and Milestone Agreement, as applicable.

SECTION 3 GRANT OF SECURITY INTEREST.

3.1 Grant. Each Grantor hereby grants to Secured Creditors, a continuing security interest in all of its Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations. Notwithstanding the foregoing, no Lien or security interest is hereby granted on any Excluded Property and the Collateral securing the Secured Obligations to Milestone Creditors shall be limited to the Product Intellectual Property, Product Regulatory Rights and all Proceeds thereof. Upon the Secured Obligations to Purchasers under the Facility Agreement and in respect of the Notes being Paid in Full, the Collateral shall be released and Secured Creditors' Liens terminated automatically without any further action.

SECTION 4 REPRESENTATIONS AND WARRANTIES.

To induce Secured Creditors to enter into the Facility Agreement and Milestone Agreement and to induce Purchasers to make extensions of credit to Borrower under the Facility Agreement, each Grantor jointly and severally hereby represents and warrants to Secured Creditors that:

4.1 Title; No Other Liens. Except for Permitted Liens, the Grantors own each item of the Collateral free and clear of any and all Liens or claims of others. As of the Closing Date, no effective financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except filings evidencing Permitted Liens.

4.2 Perfected Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule B of the Disclosure Letter (which filings and other documents referred to on Schedule B of the Disclosure Letter, have been delivered to Secured Creditors in completed form, except for the Control Agreements in connection with the Deposit Account and securities account listed on Schedule F of the Disclosure Letter, which shall be delivered within 60 days of the date hereof) will constitute valid perfected security interests in all of the Collateral (other than with respect to the perfection of the security interest granted in Excluded Accounts) in favor of Secured Creditors as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof and in accordance with the terms of the Facility Agreement and Milestone Agreement and (b) shall be prior to all other Liens on the Collateral except for Permitted Liens having priority over Secured Creditors' Lien by operation of law or permitted pursuant to the Facility Agreement upon (i) in the case of all pledged certificated stock, Pledged Notes, Pledged Equity and other pledged Investment Property, in each case in certificated form, the delivery thereof to Secured Creditors of such pledged certificated stock, Pledged Notes, Pledged Equity and other pledged Investment Property consisting of instruments and certificates, in each case properly endorsed for transfer to Purchasers or in blank and (ii) in the case of all other pledged instruments and tangible chattel paper that are not pledged certificated stock, Pledged Notes, Pledged Equity and other pledged Investment Property, the delivery thereof to Secured Creditors of such instruments and tangible chattel paper. Except as set forth in this Section 4.2, all actions by each Grantor necessary to perfect the Lien granted hereunder on the Collateral have been duly taken. As of the date hereof, the filings and other actions specified on Schedule B of the Disclosure Letter constitute all of the filings and other actions necessary to perfect all security interests granted hereunder.

4.3 Grantor Information. On the date hereof, Schedule C of the Disclosure Letter sets forth (a) each Grantor's jurisdiction of organization, (b) the location of each Grantor's chief executive office, (c) each Grantor's exact legal name as it appears on its Organizational Documents and (d) each Grantor's organizational identification number (to the extent a Grantor is organized in a jurisdiction which assigns such numbers) and federal employer identification number.

4.4 Collateral Locations. On the date hereof, Schedule D of the Disclosure Letter sets forth (a) each place of business of each Grantor (including its chief executive office), (b) all locations where all Collateral constituting Inventory and Equipment with a book value in excess of $150,000 individually or $300,000 in the aggregate for all Grantors owned by each Grantor is kept (other than Collateral constituting Inventory or Equipment that is otherwise in transit or out for repair, refurbishment or processing in the ordinary course of business or otherwise disposed of in a transaction permitted by the Facility Agreement) and (c) whether each such Collateral location and place of business (including each Grantor's chief executive office) is owned or leased (and if leased, specifies the complete name and notice address of each lessor). On the Closing Date, no Collateral (other than Collateral constituting Inventory or Equipment that is otherwise in transit or out for repair, refurbishment or processing in the ordinary course of business or otherwise disposed of in a transaction permitted by the Facility Agreement)

with a book value greater than $150,000 individually or $300,000 in the aggregate for all Grantors is located outside the United States or in the possession of any lessor, bailee, warehouseman or consignee, except as indicated on Schedule D of the Disclosure Letter.

4.5 Certain Property. As of the Closing Date, none of the Collateral constitutes, or is the Proceeds of, (a) Farm Products or (b) Health Care Insurance Receivables.

4.6 Investment Property.

(a) The Pledged Equity pledged by each Grantor hereunder constitutes all the issued and outstanding equity interests of each Issuer owned by such Grantor.

(b) To the knowledge of the applicable Grantor, all of the Pledged Equity has been duly and validly issued and, in the case of shares of capital stock, is fully paid and nonassessable.

(c) To the knowledge of the applicable Grantor, each of the Pledged Notes constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing).

4.7 As of the date hereof, Schedule A of the Disclosure Letter lists all Investment Property (other than Pledged Equity and Pledged Debt) owned by each Grantor with a value greater than $150,000 individually or $300,000 in the aggregate for all Grantors. Each Grantor is the record and beneficial owner of, and has good and valid title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except Permitted Liens.

4.8 Receivables.

(a) No material amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to Secured Creditors.

(b) No obligor on any Receivable is a Governmental Authority.

(c) The amounts represented by such Grantor to Secured Creditors from time to time as owing to such Grantor in respect of the Receivables will at all such times be accurate in all material respects.

4.9 Intellectual Property. Schedule E of the Disclosure Letter lists all Intellectual Property (other than Intellectual Property consisting of Oncology Assets) that is registered or is the subject of an application to register and owned by such Grantor in its own name on the date hereof. Except as set forth in Schedule E of the Disclosure Letter and except for non-exclusive licenses of software and other Intellectual Property acquired in the ordinary course of business, none of the Intellectual Property (other than Intellectual Property consisting of Oncology Assets) of any Grantor is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

4.10 Depositary and Other Accounts. Schedule F of the Disclosure Letter of the lists all banks and other financial institutions at which any Grantor maintains deposit or other accounts as of

the Closing Date (other than Excluded Accounts) and such Schedule F of the Disclosure Letter correctly identifies the name and address of each depository, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

4.11 Facility Agreement. Each Grantor makes each of the representations and warranties made by Borrower in Sections 3.1(a), 3.1(g) and 3.1(i), of the Facility Agreement to the extent applicable to it on the date such Grantor becomes a party hereto (which representations and warranties shall be deemed to be renewed upon each borrowing under the Facility Agreement). Such representations and warranties shall be incorporated herein by this reference as if fully set forth herein.

SECTION 5 COVENANTS.

Each Grantor covenants and agrees with Secured Creditors that, from and after the date of this Agreement until the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes shall have been Paid in Full:

5.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If any amount payable under or in connection with any of the Collateral in excess of $150,000 individually or $300,000 in the aggregate for all Grantors shall be or become evidenced by any Instrument, certificated security or Chattel Paper, such Instrument, certificated security or Chattel Paper shall (unless Secured Creditors have agreed in writing that such delivery will not be required) be promptly (and, in any event, within ten (10) Business Days) delivered to Secured Creditors, duly indorsed in a manner reasonably satisfactory to Secured Creditors, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall (unless Secured Creditors have agreed in writing that such control will not be required) cause Secured Creditors to have control thereof within the meaning set forth in Section 9-105 of the UCC. In the event that an Event of Default shall have occurred and be continuing, upon the request of Secured Creditors, any Instrument, certificated security or Chattel Paper not theretofore delivered to Purchasers and at such time being held by any Grantor shall be promptly (and, in any event, within ten (10) Business Days) delivered to Secured Creditors, duly indorsed in a manner satisfactory to Purchasers, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall cause Secured Creditors to have control thereof within the meaning set forth in Section 9-105 of the UCC.

5.2 Maintenance of Perfected Security Interest; Further Documentation.

(a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.2, and shall take all commercially reasonable actions to defend such security interest against the claims and demands of all Persons whomsoever.

(b) Such Grantor will furnish to Secured Creditors from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as Secured Creditors may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of Secured Creditors, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as Secured Creditors may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) filing any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, and (ii) in the case of Investment Property and any other relevant Collateral, taking any

such requested actions necessary to enable Secured Creditors to obtain "control" (within the meaning of the applicable UCC) with respect to such Investment Property or Collateral to the extent required to be pledged hereunder. Notwithstanding anything to the contrary set forth herein, no actions in any jurisdiction outside the United States shall be required in order to create any security interests in assets located or titled outside of the United States or to perfect any security interests in such assets, including any intellectual property registered in any jurisdiction outside the United States.

5.3 Changes in Locations, Name, etc. Such Grantor shall not, except upon 5 Business Days' prior written notice to Secured Creditors and delivery to Secured Creditors of (a) all additional financing statements and other documents reasonably requested by Secured Creditors as to the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule D of the Disclosure Letter showing any additional location at which Collateral consisting of Inventory or Equipment with a book value in excess of $150,000 individually or $300,000 in the aggregate for all Grantors shall be kept (other than Collateral consisting of Inventory or Equipment that is otherwise in transit or out for repair, refurbishment or processing in the ordinary course of business or otherwise disposed of in a transaction permitted by the Facility Agreement):

(i) permit any of the Inventory or Equipment with a book value greater than $150,000 individually or $300,000 in the aggregate for all Grantors to be kept at a location other than those listed on Schedule D of the Disclosure Letter, other than the Inventory or Equipment that is otherwise in transit or out for repair, refurbishment or processing in the ordinary course of business or otherwise disposed of in a transaction permitted by the Facility Agreement;

(ii) change its jurisdiction of organization or the location of its chief executive office from that specified on Schedule C of the Disclosure Letter or in any subsequent notice delivered pursuant to this Section 5.3; or

(iii) change its name, identity or corporate structure.

5.4 Notices. Such Grantor will advise Secured Creditors promptly upon becoming aware, in reasonable detail, of:

(a) any Lien (other than Permitted Liens) on any of the Collateral; and

(b) the occurrence of any other event which would reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereby.

5.5 Investment Property.

(a) If such Grantor shall become entitled to receive or shall receive any certificate, option or rights in respect of the equity interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any of the Pledged Equity, or otherwise in respect thereof, such Grantor shall accept the same as the agent of Secured Creditors, hold the same in trust for Secured Creditors and deliver the same forthwith to Secured Creditors in the exact form received, duly indorsed by such Grantor to Secured Creditors, if required, together with an undated instrument of transfer covering such certificate duly executed in blank by such Grantor and with, if Secured Creditors so request, signature guarantied, to be held by Secured Creditors, subject to the terms hereof, as additional Collateral for the Secured Obligations. Upon the occurrence and during the continuance of an Event of Default, (i) any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall be paid over to Secured Creditors to be held by them hereunder as additional Collateral for the Secured Obligations, and (ii) in case any distribution of capital shall be made

on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected Lien in favor of Secured Creditors, be delivered to Secured Creditors to be held by them hereunder as additional Collateral for the Secured Obligations. Upon the occurrence and during the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to Secured Creditors, hold such money or property in trust for Secured Creditors, segregated from other funds of such Grantor, as additional Collateral for the Secured Obligations.

(b) Without the prior written consent of Secured Creditors, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any equity interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any equity interests of any nature of any Issuer, except, in each case, as permitted by the Facility Agreement, (ii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for Permitted Liens, or (iii) enter into any agreement or undertaking restricting the right or ability of such Grantor or Secured Creditors to sell, assign or transfer any of the Investment Property or Proceeds thereof, except, any such action which is not prohibited by the Facility Agreement.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify Secured Creditors promptly in writing of the occurrence of any of the events described in Section 5.5(a) of this Agreement with respect to the Investment Property issued by it and (iii) the terms of Sections 6.3(c) and 6.7 of this Agreement shall apply to such Grantor with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 of this Agreement regarding the Investment Property issued by it.

5.6 Receivables. Other than in the ordinary course of business or with respect to amounts which are not material to such Grantor, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that would reasonably be expected to adversely affect the value thereof in any material respect.

5.7 Intellectual Property. Except as expressly permitted by the Facility Agreement,

(a) Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any patent owned by such Grantor material to its business may become forfeited, abandoned or dedicated to the public.

(b) Such Grantor will notify Secured Creditors promptly if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property owned by such Grantor may become forfeited, abandoned or dedicated to the public, or of any determination or development regarding, such Grantor’s ownership of, or the validity of, any material Intellectual Property or such Grantor’s right to register the same or to own and maintain the same that would reasonably be expected to have a Material Adverse Effect.

(c) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property owned by such Grantor with the United States Patent and Trademark Office, the United States Copyright Office, such Grantor shall report such filing to Secured Creditors concurrently with the next delivery of financial statements of Borrower pursuant to the Facility Agreement. Upon the request of Secured Creditors, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as Purchasers may request to evidence Secured Creditors' security interest in any copyright, patent or trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby with the United States Patent and Trademark Office or United States Copyright Office, as applicable.

(d) In the event that any material Intellectual Property owned by such Grantor is infringed upon or misappropriated or diluted by a third party, such Grantor shall take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property.

5.8 Depositary and Other Deposit Accounts. No Grantor shall open any depositary or other deposit accounts (other than Excluded Accounts) unless such Grantor shall have given to Secured Creditors 10 calendar days' prior written notice (or such lesser notice as Secured Creditors may agree in its sole discretion) of its intention to open any such new deposit accounts.

5.9 Other Matters.

(a) Each Grantor authorizes Secured Creditors to, at any time and from time to time, file financing statements, continuation statements, and amendments thereto that describe the Collateral as "all assets" of each Grantor, or words of similar effect, and which contain any other information required pursuant to the UCC for the sufficiency of filing office acceptance of any financing statement, continuation statement or amendment, and each Grantor agrees to furnish any such information to Purchasers promptly upon request. Any such financing statement, continuation statement or amendment may be signed by Secured Creditors on behalf of any Grantor and may be filed at any time in any jurisdiction.

(b) Each Grantor shall, at any time and from time and to time, take such steps as Secured Creditors may reasonably request for Secured Creditors to insure the continued perfection and priority of Secured Creditors' security interest in any of the Collateral and of the preservation of its rights therein.

(c) If any Grantor shall at any time, acquire a "commercial tort claim" (as such term is defined in the UCC) with a value in excess of $150,000 individually or $300,000 in the aggregate for all Grantors and for which a complaint in a court of competent jurisdiction has been filed, such Grantor shall promptly (and, in any event, within ten (10) Business Days) notify Secured Creditors thereof in writing and supplement Schedule G of the Disclosure Letter, therein providing a reasonable description and summary thereof, and upon delivery thereof to Secured Creditors, such Grantor shall be deemed to thereby grant to Secured Creditors (and such Grantor hereby grants to Secured Creditors) a security interest and lien in and to such commercial tort claim and all proceeds thereof, all upon the terms of and governed by this Agreement.

5.10 Facility Agreement. Each of the Grantors covenants that it will, and, if necessary, will enable Borrower to, fully comply with each of the covenants and other agreements set forth in the Facility Agreement.

5.11 Insurance. Borrower shall:

(a) Keep the Collateral properly housed and insured for the full insurable value thereof against loss or damage by fire, theft, explosion, sprinklers, and such other risks as are customarily insured against by Persons engaged in businesses similar to that of Borrower, with such companies, in such amounts, with such deductibles, and under policies in such form, as are customarily insured for by Persons engaged in businesses similar to that of Borrower. Original (or certified) copies of such policies of insurance have been or shall be, within ninety (90) days of the Closing Date, delivered to Secured Creditors, together with evidence of payment of all premiums therefor, and shall contain an endorsement, in form and substance acceptable to Secured Creditors, showing loss under such insurance policies payable to Secured Creditors. Such endorsement, or an independent instrument furnished to Secured Creditors, shall provide that the insurance company shall give Secured Creditors at least thirty (30) days written notice before any such policy of insurance is altered or canceled.

(b) Maintain, at their expense, such public liability and third party property damage insurance as is customary for Persons engaged in businesses similar to that of Borrower with such companies and in such amounts, with such deductibles and under policies in such form as are customarily insured for by Persons engaged in businesses similar to that of Borrower and original (or certified) copies of such policies have been or shall be, within ninety (90) days after the Closing Date, delivered to Secured Creditors, together with evidence of payment of all premiums therefor; each such policy shall contain an endorsement showing Secured Creditors as additional insureds thereunder and providing that the insurance company shall give Secured Creditors at least thirty (30) days written notice before any such policy shall be altered or canceled.

SECTION 6 REMEDIAL PROVISIONS.

6.1 Certain Matters Relating to Receivables.

(a) At any time and from time to time after the occurrence and during the continuance of an Event of Default, Secured Creditors shall have the right to make test verifications of the Receivables in any manner and through any medium that they reasonably considers advisable, and each Grantor shall furnish all such assistance and information as Secured Creditors may reasonably require in connection with such test verifications. At any time and from time to time after the occurrence and during the continuance of an Event of Default, upon Secured Creditors' request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to Secured Creditors to furnish to Secured Creditors reports showing reconciliations, agings and test verifications of, and trial balances for, the Receivables.

(b) Secured Creditors hereby authorize each Grantor to collect such Grantor's Receivables, and Secured Creditors may curtail or terminate such authority at any time after the occurrence and during the continuance of an Event of Default. If required by Secured Creditors at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to Secured Creditors if required and upon notice to such Grantor, in a collateral account maintained under the sole dominion and control of Secured Creditors, subject to withdrawal by Secured Creditors only as provided in Section 6.5, and (ii) until so turned over after such request by Secured Creditors, shall be held by such Grantor in trust for Secured Creditors, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At any time and from time to time after the occurrence and during the continuance of an Event of Default, at Secured Creditors' request, each Grantor shall deliver to Secured Creditors copies of all documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including all orders, invoices and shipping receipts.

(d) Each Grantor hereby irrevocably authorizes and empowers Secured Creditors, in Secured Creditors' sole discretion, at any time after the occurrence and during the continuance of an Event of Default, following Secured Creditors' concurrent notice to such Grantor, to assert, either directly or on behalf of such Grantor, any claim such Grantor may from time to time have against the sellers under or with respect to any agreements assigned or collaterally assigned to Secured Creditors and to receive and collect any and all damages, awards and other monies resulting therefrom and to apply the same to the Secured Obligations in such order as Secured Creditors may determine in its discretion. After the occurrence and during the continuance of an Event of Default, each Grantor hereby irrevocably makes, constitutes and appoints Secured Creditors as their true and lawful attorney in fact for the purpose of enabling Secured Creditors to assert and collect such claims and to apply such monies in the manner set forth above, which appointment, being coupled with an interest, is irrevocable.

6.2 Communications with Obligors; Grantors Remain Liable.

(a) Secured Creditors in their own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to Secured Creditors' satisfaction the existence, amount and terms of any Receivables.

(b) Upon the written request of Secured Creditors at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables that the Receivables have been assigned to Secured Creditors and that payments in respect thereof shall be made directly to Secured Creditors.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable in respect of each of the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Secured Creditors shall have no obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by Secured Creditors of any payment relating thereto, nor shall Secured Creditors be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(d) After the occurrence and during the continuance of an Event of Default, for the purpose of enabling Secured Creditors to exercise rights and remedies under this Agreement, each Grantor hereby grants to Secured Creditors an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

6.3 Investment Property.

(a) Unless an Event of Default shall have occurred and be continuing and Secured Creditors shall have given written notice to the relevant Grantor of Secured Creditors' intent to exercise

their corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends and distributions paid in respect of the Pledged Equity and all payments made in respect of the Pledged Notes, to the extent permitted in the Facility Agreement, and to exercise all voting and other rights with respect to the Investment Property; provided, that no vote shall be cast or other right exercised or action taken which would reasonably be expected to materially impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Facility Agreement, this Agreement or any other Transaction Document.

(b) If an Event of Default shall occur and be continuing and a Secured Creditor shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) Secured Creditors shall have the right to receive any and all cash dividends and distributions, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Secured Obligations in such order as Secured Creditors may determine in their discretion, (ii) Secured Creditors shall have the right to cause any or all of the Investment Property to be registered in the name of Secured Creditors or their nominee and (iii) Secured Creditors' or their nominee may exercise (x) all voting and other rights pertaining to such Investment Property at any meeting of holders of the equity interests of the relevant Issuer or Issuers or otherwise (or by written consent) and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if they were the absolute owner thereof (including the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other structure of any Issuer, or upon the exercise by any Grantor or Secured Creditors of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as Secured Creditors may determine), all without liability except to account for property actually received by it, but Secured Creditors shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) After the occurrence and during the continuance of an Event of Default, each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from Secured Creditors in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying and (ii) unless otherwise expressly permitted hereby, pay any dividends, distributions or other payments with respect to the Investment Property directly to Secured Creditors.

6.4 Proceeds to be Turned Over to Secured Creditors. In addition to the rights of Secured Creditors specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other cash equivalent items shall be held by such Grantor in trust for Secured Creditors, segregated from other funds of such Grantor, and shall, upon written request of Secured Creditors, forthwith upon receipt by such Grantor, be turned over to Secured Creditors in the exact form received by such Grantor (duly indorsed by such Grantor to Purchasers, if required). All Proceeds received by Secured Creditors hereunder shall be held by Secured Creditors in a collateral account maintained under its sole dominion and control. All Proceeds, while held by Secured Creditors in any collateral account (or by such Grantor in trust for Secured Creditors) established pursuant hereto, shall continue to be held as collateral security for the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5 Application of Proceeds. Secured Creditors may apply all or any part of Proceeds from the sale of, or other realization upon, all or any part of the Collateral in payment of the Secured Obligations in such order as Secured Creditors shall determine in its discretion. Any part of such funds which Secured Creditors elect not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by Secured Creditors to the applicable Grantor or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes shall have been Paid in Full and any amounts due and owing under the Milestone Agreement have been satisfied shall be paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive the same.

6.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, Secured Creditors may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, Secured Creditors, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses (other than defense of payment), advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of a Secured Creditor or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery with assumption of any credit risk. Secured Creditors shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at Secured Creditors' request, to assemble the Collateral and make it available to Secured Creditors at places which Secured Creditors shall reasonably select, whether at such Grantor's premises or elsewhere. Secured Creditors shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable documented out-of-pocket costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Secured Creditors hereunder, to the payment in whole or in part of the Secured Obligations, in such order as Secured Creditors may elect in its discretion, and only after such application and after the payment by Secured Creditors of any other amount required by any provision of law, need Purchasers account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against Secured Creditors arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 calendar days before such sale or other disposition.

6.7 Sale of Pledged Equity.

(a) Each Grantor recognizes that Secured Creditors may be unable to effect a public sale of any or all the Pledged Equity, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees

that any such private sale shall be deemed to have been made in a commercially reasonable manner. Secured Creditors shall be under no obligation to delay a sale of any of the Pledged Equity for the period of time necessary to permit the Issuer thereof to register such securities or other interests for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(b) Each Grantor agrees to use its commercially reasonable efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Equity pursuant to this Section 6.7 valid and binding and in compliance with applicable law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to Secured Creditors, that Secured Creditors have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Facility Agreement or Milestone Agreement.

6.8 Waiver; Deficiency. Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under Section 9-626 of the UCC. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations in full and the fees and disbursements of any attorneys employed by Secured Creditors to collect such deficiency.

SECTION 7 MISCELLANEOUS.

7.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 6.6 of the Facility Agreement.

7.2 Notices. All notices, requests and demands to or upon Secured Creditors or any Grantor hereunder shall be addressed to such party and effected in the manner provided for in Section 6.1 of the Facility Agreement or Section 5 of the Milestone Agreement, as applicable.

7.3 Indemnification by Grantors. Each Grantor agrees to jointly and severally indemnify, pay, and hold Secured Creditors and their Affiliates, officers, directors, employees, agents, and attorneys (the "Indemnitees") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, reasonable and documented out-of-pocket costs and expenses (including all reasonable documented out-of-pocket fees and expenses of counsel to such Indemnitees) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnitee as a result of such Indemnitees being a party to this Agreement or the transactions consummated pursuant to this Agreement or otherwise relating to any of the Transaction Documents (other than the Registration Rights Agreement); provided that no Grantor shall have any obligation to an Indemnitee hereunder with respect to liabilities to the extent resulting from the gross negligence or willful misconduct of that Indemnitee as determined by a final non-appealable order of a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, such Grantor agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law. The provisions in this Section 7.3 shall survive repayment of all (and shall be) Secured Obligations (and all commitments of Purchasers, if any, to extend credit that would constitute Borrower Obligations have been terminated or have expired), any foreclosure under, or any modification, release or discharge of, any or all of the Collateral and termination of this Agreement.

7.4 Enforcement Expenses.

(a) Each Grantor agrees, on a joint and several basis, to pay or reimburse on demand Secured Creditors for all reasonable out-of-pocket documented costs and expenses incurred in collecting against any Guarantor under the guaranty contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents.

(b) Each Grantor agrees to pay, and to save Secured Creditors harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The agreements in this Section 7.4 shall survive repayment of all (and shall be) Secured Obligations (and all commitments of Secured Creditors, if any, to extend credit that would constitute Borrower Obligations have been terminated or have expired), any foreclosure under, or any modification, release or discharge of, any or all of the Collateral and termination of this Agreement.

7.5 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

7.6 Nature of Remedies. All Secured Obligations of each Grantor and rights of Secured Creditors expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of Purchasers, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

7.7 Counterparts; Effectiveness. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one in the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

7.8 Severability. The invalidity, illegality or unenforceability in any jurisdiction of any provision under this Agreement or any of the other Loan Documents shall not affect or impair the remaining provisions in this Agreement or any of the other Loan Documents.

7.9 Entire Agreement. This Agreement and the other Transaction Documents to which the parties hereto are parties embody the entire agreement among the parties hereto and supersede all prior commitments, agreements, representations and understandings, whether oral or written, relating to the subject matter hereof, and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. All Exhibits, Schedules and Annexes referred to herein are incorporated in this Agreement by reference and constitute a part of this Agreement. If any provision contained in this Agreement conflicts with any provision of the Facility Agreement, then with regard to such conflicting provisions, the Facility Agreement shall govern and control.

7.10 Successors; Assigns. This Agreement shall inure to the successors and assigns of the Parties, except that (a) no Grantor may assign or otherwise transfer all or any part of its rights under this Agreement without the prior written consent of the Secured Creditors and (b) the Secured Creditors may not assign their obligations under this Agreement prior to the earlier of the issuance of the Tranche 4

Notes and December 30, 2014 without the prior written consent of the Borrower; provided, however, that (i) any Grantor may assign or otherwise transfer all or any part of its rights under this Agreement in connection with any liquidation, dissolution, merger, consolidation or reorganization not prohibited by Section 5.2(a) of the Facility Agreement or any Transfer not prohibited by Section 4(d) of the Milestone Agreement and (ii) any Secured Creditor may assign its obligations under this Agreement in connection with any assignment of Milestone Rights and obligations under the Milestone Agreement permitted by Section 7(g) of the Milestone Agreement or in connection with any assignment of Notes and obligations under the Facility Agreement permitted by Section 10 of the Notes and Section 1.4 of the Facility Agreement.

7.11 Applicable Law. This Agreement shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State. To the extent that the Parties may, in any suit, action or other proceeding brought in any court arising out of or in connection with any Transaction Document, be entitled to the benefit of any provision of law requiring the Borrower or the Purchasers, as applicable, in such suit, action or other proceeding to post security for the costs of the Borrower or the Purchasers, as applicable, or to post a bond or to take similar action, the Parties hereby irrevocably waive such benefit, in each case to the fullest extent now or hereafter permitted under any applicable laws.

7.12 Consent to Jurisdiction. All legal proceedings concerning the interpretation and enforcement of this Agreement (whether brought against a Party or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in The City of New York. Each Party hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or other proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or other proceeding is improper or is an inconvenient venue for such proceeding. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or other proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such Party at the address in effect for notices to it under Section 6.1 of the Facility Agreement or Section 7 of the Milestone Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

7.13 Waiver of Jury Trial. Each Party hereby waives any and all rights to demand a trial by jury in any action, suit or other proceeding arising out of any Transaction Document or the transactions contemplated by any Transaction Document.

7.14 Set-off. Each Grantor agrees that Secured Creditors have all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, each Grantor agrees that at any time any Event of Default exists, Secured Creditors may apply to the payment of any Secured Obligations in such order as Secured Creditors may determine in its discretion, whether or not then due, any and all balances, credits, deposits, accounts or moneys of such Grantor then or thereafter with Secured Creditors. Secured Creditors hereby agrees that it shall endeavor to notify such Grantor of any such set-off or any such application, but failure to notify shall have no adverse determination or effect hereunder.

7.15 Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) Secured Creditors have no fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Transaction Documents, and the relationship between the Grantors, on the one hand, and Secured Creditors, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Transaction Documents or otherwise exists by virtue of the transactions contemplated hereby among the Grantors and Secured Creditors.

7.16 Additional Grantors. Each Person, required to become a Grantor pursuant to the Facility Agreement, shall become a party to this Agreement and become a Grantor for all purposes of this Agreement upon execution and delivery by such Person of a joinder agreement in the form of Annex I hereto.

7.17 Releases.

(a) At such time as the Secured Obligations to the Purchasers under the Facility Agreement and in respect of the Notes have been Paid in Full, the Collateral shall be automatically released from the Liens created hereby, and this Agreement and all guarantees and obligations (other than those expressly stated to survive such termination) of Secured Creditors and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. A Subsidiary shall automatically be released from its obligations under this Agreement and the security interest in the Collateral of such Subsidiary shall be automatically released upon the consummation of any transaction permitted by the Facility Agreement as a result of which such Subsidiary ceases to be a Subsidiary of the Borrower or ceases to be a Guarantor. At the request and sole expense (to the extent reasonable, documented and out-of-pocket) of any Grantor following any such termination, Secured Creditors shall promptly deliver to the Grantors any Collateral held by Secured Creditors hereunder, and execute and deliver to the Grantors such documents (including authorization to file UCC termination statements) as the Grantors shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Facility Agreement or if such Collateral otherwise becomes Excluded Property, then Secured Creditors, at the request and sole expense (to the extent reasonable, documented and out-of-pocket) of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense (to the extent reasonable, documented and out-of-pocket) of Borrower, a Grantor shall be released from its obligations hereunder in the event that all the equity interests of such Grantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Facility Agreement.

Notwithstanding the foregoing, each of the Secured Creditors agree: (i) to subordinate any Lien granted to or held by any Secured Creditor under any Transaction Document on any Inventory consisting of the Product or raw materials, work in process and materials used for the manufacture of the Product (other than Insulin Inventory owned by any Grantor as of the date of this Agreement) (collectively, “Product Inventory”), Receivables arising from the sale or licensing of the Product (including, without limitation Receivables representing royalties or other amounts due under licenses of Intellectual Property for the sale of the Product) (collectively, “Product Receivables”) or proceeds thereof, in connection with the entry by any Grantor into a working capital facility permitted by clause (xii) of the definition of Permitted Indebtedness; and (ii) to enter into subordination, non-disturbance and similar agreements in connection with the licensing of Intellectual Property permitted pursuant to the terms of the Facility Agreement, the Milestone Agreement or the other Transaction Documents (it being agreed that a non-disturbance agreement substantially in the form attached as Annex II shall be acceptable to the Secured Creditors).

7.18 Obligations and Liens Absolute and Unconditional. Each Grantor understands and agrees that the obligations of each Grantor under this Agreement shall be construed as a continuing, absolute and unconditional without regard to (a) the validity or enforceability of any Loan Document, any of the Secured Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by Secured Creditors, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against Secured Creditors, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Grantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Grantor for the Secured Obligations, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, Secured Creditors may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against any other Grantor or any other Person or against any collateral security or guaranty for the Secured Obligations or any right of offset with respect thereto, and any failure by Secured Creditors to make any such demand, to pursue such other rights or remedies or to collect any payments from any other Grantor or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of any other Grantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Secured Creditors against any Grantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

7.19 Reinstatement. In the event that any payment in respect of the Secured Obligations, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

[Signatures Immediately Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Guaranty and Security Agreement to be duly executed and delivered as of the date first above written.

GRANTORS:

MANNKIND CORPORATION, a Delaware corporation

By: /s/ Matthew J. Pfeffer
Name: Matthew J. Pfeffer
Title: Corporate Vice President and Chief Financial Officer

MANNKIND LLC, a Delaware limited liability company

By: /s/ Matthew J. Pfeffer
Name: Matthew J. Pfeffer
Title: Corporate Vice President and Chief Financial Officer

LENDERS:

DEERFIELD PRIVATE DESIGN INTERNATIONAL II, L.P., a Delaware limited partnership

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

DEERFIELD PRIVATE DESIGN FUND II, L.P., a British Virgin Islands limited partnership

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

MILESTONE CREDITORS:

DEERFIELD PRIVATE DESIGN FUND II, L.P., a Delaware limited partnership

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

HORIZON SANTÉ FLML SÀRL, a Luxembourgh Société á Responsibilité Limitée

By: /s/ Alexis Cazé
Name: Alexis Cazé
Title: Manager A

By: /s/ Florence Gerardy
Name: Florence Gerardy
Title: Manager B

ANNEX I

FORM OF JOINDER TO GUARANTY AND SECURITY AGREEMENT

This JOINDER AGREEMENT (this "Agreement") dated as of [ ], 20[ ] is executed by the undersigned for the benefit of (the "Secured Creditors") in connection with that certain Guaranty and Security Agreement dated as of July 1, 2013 among the Grantors party thereto and Secured Creditors (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement"). Capitalized terms not otherwise defined herein are being used herein as defined in the Guaranty and Security Agreement.

Each Person signatory hereto is required to execute this Agreement pursuant to Section 7.16 of the Guaranty and Security Agreement.

In consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each such Person hereby agrees as follows:

1. Each such Person assumes all the obligations of a Grantor and a Guarantor under the Guaranty and Security Agreement and agrees that such person or entity is a Grantor and a Guarantor and bound as a Grantor and a Guarantor under the terms of the Guaranty and Security Agreement, as if it had been an original signatory to such agreement. In furtherance of the foregoing, such Person hereby assigns, pledges and grants to Secured Creditors and (to the extent provided therein) its Affiliates, a security interest in all of its right, title and interest in and to the Collateral (other than Excluded Property) owned thereby to secure the Secured Obligations.

2. The Schedules to the Disclosure Letter are hereby amended to add the information relating to each such Person set out on the Schedules to the Disclosure Letter. Each such Person hereby makes to Secured Creditors the representations and warranties set forth in the Guaranty and Security Agreement applicable to such Person and the applicable Collateral and confirms that such representations and warranties are true and correct in all material respects (without duplication of any materiality qualifier) as of the date hereof after giving effect to such amendment to such Schedules (except to the extent stated to relate to a specific earlier date).

3. In furtherance of its obligations under Section 5.2 of the Guaranty and Security Agreement, each such Person agrees to deliver to Purchasers appropriately complete UCC financing statements naming such person or entity as debtor and Secured Creditors as secured party, and describing its Collateral and such other documentation as Purchasers (or its successors or assigns) may require to evidence, protect and perfect the Liens created by the Guaranty and Security Agreement, as modified hereby. Each such Person acknowledges the authorizations given to Secured Creditors under the Section 5.9 of the Guaranty and Security Agreement and otherwise.

4. Each such Person's address for notices under the Guaranty and Security Agreement shall be the address of Borrower set forth in the Facility Agreement and each such Person hereby appoints the Company as its agent to receive notices hereunder.

5. Secured Creditors acknowledge that upon the effectiveness of this Agreement, the undersigned shall have the rights of a Grantor and Guarantor under the Guaranty and Security Agreement.

6. This Agreement shall be deemed to be part of, and a modification to, the Guaranty and Security Agreement and shall be governed by all the terms and provisions of the Guaranty and Security Agreement, with respect to the modifications intended to be made to such agreement, which terms are

incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of each such person or entity enforceable against such person or entity. Each such Person hereby waives notice of Secured Creditors' acceptance of this Agreement. Each such Person will deliver an executed original of this Agreement to Secured Creditors.

[add signature block for each new Grantor]

Acknowledged and agreed to as of the year and date first written above:

SECURED CREDITORS:

_____

By: _____
Name: _____
Title: _____

ANNEX II

FORM OF NON-DISTURBANCE AGREEMENT

Exhibit 99.5

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "***Agreement***"), dated as of July 1, 2013, by and among MannKind Corporation, a Delaware corporation (the "***Company***"), and those purchasers set forth on Schedule 1 to the Facility Agreement (as defined below) (each individually, a "Purchaser" and together, the " Purchasers").

WHEREAS:

A. In connection with the Facility Agreement by and among the parties hereto of even date herewith (the "Facility Agreement"), the Company has agreed, upon the terms and subject to the conditions contained therein, to issue and sell to the Purchasers Notes (as defined below) in the amount described in the Facility Agreement, where each of the Notes is convertible into shares of the Company's common stock, $.01 value per share (the "Common Stock"), each upon the terms and conditions and subject to the limitations and conditions set forth in the Notes, all subject to the terms and conditions of the Facility Agreement; and

B. To induce the Purchasers to execute and deliver the Facility Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), and applicable state securities laws.

NOW, THEREFORE, In consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Purchasers hereby agree as follows:

1. DEFINITIONS.

a. As used in this Agreement, the following terms shall have the following meanings:

(i) "***Additional Filing Deadline***" means, with respect to any Registration Statements that may be required pursuant to Section 2(a)(ii), (a) the first date or time that such Registrable Securities may then be included in a Registration Statement if such Registration Statement is required because the SEC shall have notified the Company in writing that certain Registrable Securities were not eligible for inclusion on a previously filed Registration Statement, or (b) if such additional Registration Statement is required for a reason other than as described in (a) above, the thirtieth (30th) day following the date on which a Responsible Officer of the Company first knows that such additional Registration Statement is required; provided, however, if the Additional Filing Deadline would otherwise fall more than 45 days, but less than 76 days, after the end of the Company's most recent fiscal year and the Company is unable to comply with the Additional Filing Deadline solely as a result of the unavailability of audited financial statements for such fiscal year, the Additional Filing Deadline shall be extended until the first business day following the earlier to occur of (a) the deadline (without regard to any extensions that may be permitted by Rule 12b-25 under the Exchange Act) for filing by the Company of an annual report on Form 10-K containing such financial statements with the SEC and (b) the date on which the Company files an annual report on Form 10-K containing such financial statements with the SEC.

(ii) "***Additional Registration Deadline***" means, with respect to any additional Registration Statement(s) that may be required to be filed pursuant to Section 2(a)(ii), the thirtieth (30th) day following (a) the first date or time that such Registrable Securities may then be included in a Registration Statement if such Registration Statement is required because the SEC shall have notified the Company in writing that certain Registrable Securities were not eligible for inclusion on a previously filed Registration Statement, or (b) if such additional Registration Statement is required for a reason other than as described in (a) above, the fortieth (40th) day following the date on which the Company first knows that such additional Registration Statement(s) is required; provided, however, if the applicable Additional Filing deadline is extended due to the proviso contained in Section 1(a)(i) above, then such Additional Registration Deadline shall be extended until the thirtieth (30^{th}) or fortieth (40^{th}) day, as the case may be, following the Additional Filing Deadline, as so extended, and provided, further, that if, following the filing date but before the date that the Additional Registration Statement is declared effective by the SEC, the Company is unable to file a pre-effective amendment to the Additional Registration Statement that is required in order to cause such Additional Registration Statement to become effective because such amendment would otherwise be filed more than 45 days,

but less than 76 days, after the end of the Company's last fiscal year and the audited financial statement for such year are unavailable, the Additional Registration Deadline shall be the date that is the later of (a) thirty (30) days after the earlier of (1) the deadline (without regard to any extensions that may be permitted by Rule 12b-25 under the Exchange Act) for filing by the Company of an annual report on Form 10-K containing such financial statements with the SEC and (2) the date on which the Company files an annual report on Form 10-K containing such financial statements with the SEC, and (b) forty-five (45) days after the Registration Statement is filed.

(iii) "***Buyer***" means any Lender and any transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 10 hereof.

(iv) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and any successor statute.

(v) "***Filing Deadline***," for each Registration Statement required to be filed hereunder other than Section 2(a)(ii), shall mean a date that is twenty (20) calendar days following the date the applicable Note is issued and, in the case of Section 2(a)(ii) shall mean the Additional Filing Deadline; provided however, if the Filing Deadline would otherwise fall more than 45 days, but less than 76 days, after the end of the Company's most recent fiscal year and the Company is unable to comply with the Filing Deadline solely as a result of the unavailability of audited financial statements for such fiscal year, the Filing Deadline shall be extended until the first business day following the earlier to occur of (a) the deadline (without regard to any extensions that may be permitted by Rule 12b-25 under the Exchange Act) for filing by the Company of an annual report on Form 10-K containing such financial statements with the SEC and (b) the date on which the Company files an annual report on Form 10-K containing such financial statements with the SEC.

(vi) "***Notes***" means any notes issued by the Company pursuant to the Facility Agreement.

(vii) "***Person***" means and includes any natural person, partnership, joint venture, corporation, trust, limited liability company, limited company, joint stock company, unincorporated organization, government entity or any political subdivision or agency thereof, or any other entity.

(viii) "***Registration Deadline***" shall mean, other than for purposes of the Registration Statements required under Section 2(a)(ii), the date that is forty-five (45) days following the date of the issuance of the Tranche 1 Notes and the Tranche 2 Notes (as defined in the Facility Agreement), forty-five (45) days following the Filing Deadline with respect to any other Notes and, with respect to any Registration Statements required to be filed under Section 2(a)(ii), the Additional Registration Deadline; provided, however, that if, following the filing date but before the date that the Registration Statement is declared effective by the SEC, the Company is unable to file a pre-effective amendment to the Registration Statement that is required in order to cause such Registration Statement to become effective because such amendment would otherwise be filed more than 45 days, but less than 76 days, after the end of the Company's most recent fiscal year and the audited financial statement for such year are unavailable, the Registration Deadline shall be the date that is forty-five (45) days after the earlier of (a) the deadline (without regard to any extensions that may be permitted by Rule 12b-25 under the Exchange Act) for filing by the Company of an annual report on Form 10-K containing such financial statements with the SEC and (b) the date on which the Company files an annual report on Form 10-K containing such financial statements with the SEC.

(ix) "***Register***," "***Registered***," and "***Registration***" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis, and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "***SEC***").

(x) "***Registrable Securities***," means (a) any shares of Common Stock issued or issuable upon conversion of outstanding Notes (without giving effect to any limitations on exercise set forth in the Notes), and (b) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing. Securities will cease to be Registrable Securities when (A) they have been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them; (B) they have been distributed to the public under a Registration or pursuant to Rule 144 under the Securities Act; (C) they have

been otherwise transferred and new certificates for them not bearing a restrictive legend have been issued by the Company and the Company shall not have any "stop transfer" instructions in effect, or (D) they may be immediately sold to the public without registration or restriction (including, without limitation as to volume by each holder thereof or as to current public information requirements) under the Securities Act by persons that are not, and have not been during the preceding three months, affiliates (as such term is defined in Rule 144 under the Securities Act) of the Company.

(xi) "***Registration Statement(s)***" means a registration statement(s) of the Company under the Securities Act required to be filed hereunder.

(xii) "***Responsible Officer***" means, with respect to Borrower, any of the following officers of Borrower: the President, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and any vice president or, in the case of any of the foregoing, such other Person as is authorized in writing to act on behalf of Borrower.

(xiii) "***Trading Day***" shall mean any day on which the Common Stock is traded for any period on the NASDAQ Capital Market, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

2. REGISTRATION.

a. MANDATORY REGISTRATION. (i) Following each date on which any Notes are issued pursuant to the Facility Agreement (each, an "***Issuance Date***"), the Company shall prepare, and, on or prior to the applicable Filing Deadline (as defined above) file with the SEC, a Registration Statement (the "***Mandatory Registration Statement***") on Form S-3 (or, if Form S-3 is not then available, on such form of Registration Statement as is then available to effect a registration of the Registrable Securities), subject to the consent of the Buyers, which consent will not be unreasonably withheld, covering the resale of the Registrable Securities issuable upon conversion of the Notes issued on the applicable Issuance Date which Registration Statement, to the extent allowable under the Securities Act and the rules and regulations promulgated thereunder (including Rule 416), and to the extent necessary, shall state that such Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of or otherwise pursuant to the Notes to prevent dilution resulting from stock splits, stock dividends or similar transactions. The number of aggregate shares of Common Stock included in the initial Mandatory Registration Statement shall be 12 million shares (subject to adjustment in the event of Stock Event (as defined in the Notes). Each Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to the Buyers and their counsel prior to its filing or other submission. For the avoidance of doubt, no Mandatory Registration Statement shall be required to be filed with respect to any issuance of Notes if the Applicable Limit (as defined in the Notes) is zero and all Registrable Securities have been registered for resale under an effective Registration Statement.

(ii) If for any reason the SEC does not permit all of the Registrable Securities to be included in the Registration Statement filed pursuant to Section 2(a)(i) above, or for any other reason any Registrable Securities are not then included in a Registration Statement filed under this Agreement, then the Company shall prepare, and, as soon as practicable but in no event later than the Additional Filing Deadline, file with the SEC an additional Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 of the Securities Act.

(iii) After the filing and effectiveness of the initial Mandatory Registration Statement, the Company may file any additional Registration Statements in a manner so as to combine all prior Registration Statements in accordance with under Rule 429 under the Securities Act.

b. PIGGY-BACK REGISTRATIONS. If at any time after the date hereof and prior to the expiration of the Registration Period (as hereinafter defined) the Company shall determine to file with the SEC a registration statement relating to an offering solely for the account of others under the Securities Act of any of its securities (other than debt securities or securities being registered on Form S-4 or Form S-8 or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans) (a "Piggy-Back Eligible Registration Statement"), the Company shall send to each Buyer written notice of such determination and, if within

ten (10) days after the effective date of such notice, the Buyer shall so request in writing, the Company shall include in such Piggy-Back Eligible Registration Statement all or any part of such Buyer's Registrable Securities that such Buyer requests to be registered, except that if, in connection with any underwritten public offering, the managing underwriter(s) thereof shall impose a limitation on the number of Registrable Securities which may be included in the Piggy-Back Eligible Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Piggy-Back Eligible Registration Statement only such limited portion of the Registrable Securities with respect to which the Buyer has requested inclusion hereunder as the underwriter shall permit;

PROVIDED, HOWEVER, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled by contract to inclusion of such securities in such Piggy-Back Eligible Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities; and

PROVIDED, FURTHER, HOWEVER, that, after giving effect to the immediately preceding proviso, any exclusion of Registrable Securities shall be made pro rata with holders of other securities having the contractual right to include such securities in the Piggy-Back Eligible Registration Statement other than holders of securities entitled to inclusion of their securities in such Piggy-Back Eligible Registration Statement by reason of demand registration rights and except that any exclusion of Registrable Securities in a Registration Statement in which securities beneficially owned by the Mann Group (as such term is defined in the Facility Agreement) are being registered shall be made on a pro rata basis. No right to registration of Registrable Securities under this Section 2(b) shall be construed to limit any registration required under Section 2(a) hereof. If an offering in connection with which a Buyer is entitled to registration under this Section 2(b) is an underwritten offering, then such Buyer shall, unless otherwise agreed by the Company, offer and sell such Registrable Securities in an underwritten offering using the same underwriter or underwriters and, subject to the provisions of this Agreement and the underwriting agreement in such offering, on the same terms and conditions as other shares of Common Stock included in such underwritten offering (including, without limitation, execution of an agreement with the managing underwriter or placement agent limiting the sale or distribution such Buyer may make of shares of Common Stock or any securities convertible or exchangeable or exercisable for such shares of the Company, except as part of such registration). Notwithstanding anything to the contrary set forth herein, the registration rights of the Buyers pursuant to this Section 2(b) shall only be available to the extent that the Buyer holds outstanding Registrable Securities that are not registered for resale pursuant to another effective Registration Statement at the time that the Company files a Piggy-Back Eligible Registration Statement.

3. OBLIGATIONS OF THE COMPANY. In connection with the registration of the Registrable Securities, the Company shall have the following obligations:

a. The Company shall (i) prepare promptly, and file with the SEC, as soon as practicable after each Issuance Date (but no later than the Filing Deadline), the Registration Statement(s) required pursuant to Section 2(a), and thereafter use its best efforts to cause each such Registration Statement(s) relating to Registrable Securities to become effective no later than the Registration Deadline, and (ii) subject to Section 3(q) hereof, shall use its best efforts to keep each such Registration Statement current and effective pursuant to Rule 415 of the Securities Act at all times until such date as the Registrable Securities registered thereunder cease to be Registrable Securities (the "Registration Period"), which Registration Statement(s) (including any amendments or supplements thereto and prospectuses contained therein), shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein not misleading (except that such provision shall not apply to any information provided by a Buyer or any transferee of a Buyer pursuant to Section 4(a)).

b. The Company shall (i) use its best efforts to prepare and file with the SEC such amendments (including post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each Registration Statement as may be necessary to keep each Registration Statement current and effective at all times during the Registration Period, and, (ii) subject to Section 3(p) hereof, during the Registration Period, comply with the provisions of the Securities Act applicable to the Company with respect to the disposition of all Registrable Securities of the Company covered by each Registration Statement.

c. The Company shall furnish or otherwise make available to each Buyer and its legal counsel (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one copy of each Registration Statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and, in the case of a Registration Statement referred to in Section 2(a), each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Company has sought or intends to seek confidential treatment); and provided that the Company may excise any information contained therein which would constitute material non-public information as to any Buyer which has not executed a confidentiality agreement with the Company, and (ii) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as a Buyer may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Buyer, although the Company may determine in its reasonable judgment to provide any such copies in electronic form only. The Company will promptly notify the Buyers by facsimile or email of the effectiveness of each Registration Statement or any post-effective amendment. The Company will respond to any and all comments received from the SEC as soon as reasonably practicable, with a view towards causing each Registration Statement or any amendment thereto to be declared effective by the SEC as soon as practicable and shall file an acceleration request as soon as practicable, but no later than five (5) business days, following the later of (i) resolution or clearance of all SEC comments or, if applicable, following notification by the SEC that any such Registration Statement or any amendment thereto will not be subject to review and (ii) the date the Company is notified in writing of any comments (or that there are no comments), to the Company's request for acceleration, from the single firm designated by the Buyers to review such acceleration request pursuant to Section 3(g), provided, however, that if during such period, the Company is unable to file such acceleration request because such acceleration request would otherwise be filed more than 45, but less than 76 days, after the end of the Company's most recent fiscal year and the audited financial statement for such fiscal year are unavailable at such time, such obligation to file an acceleration request shall be extended until the first business day following the earlier of (a) the deadline (without regard to any extensions that may be permitted by Rule 12b-25 under the Exchange Act) for filing by the Company of an annual report on Form 10-K containing such financial statements with the SEC and (b) the date on which the Company files an annual report on Form 10-K containing such financial statements with the SEC.

d. The Company shall use its best efforts to (i) register and qualify, in any jurisdiction where registration and/or qualification is required, the Registrable Securities covered by the Registration Statements under such other securities or "blue sky" laws of such jurisdictions in the United States as the Buyers shall reasonably request in writing, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) quality to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction.

e. Subject to Section 3(q) hereof, as promptly as practicable after becoming aware of such event, the Company shall notify each Buyer who holds Registrable Securities of the happening of any event, of which the Company has knowledge, as a result of which the prospectus included in any Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and use its best efforts to promptly prepare a supplement or amendment to any Registration Statement to correct such untrue statement or omission, and deliver such number of copies of such supplement or amendment to each Buyer as such Buyer may reasonably request.

f. The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of any Registration Statement, and, if such an order is issued, to obtain the withdrawal of such order at the earliest practical moment and to notify each Buyer who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance of such order and the resolution thereof.

g. The Company shall permit a single firm of counsel designated by the Buyers to review such Registration Statement and all amendments and supplements thereto (as well as all requests for acceleration or effectiveness thereof), at Buyers' own cost, a reasonable period of time prior to their filing with the SEC (not less than five (5) business days but not more than eight (8) business days) and use commercially reasonable efforts to reflect in such documents any comments as such counsel may reasonably propose (so long as such comments are provided to the Company at least (2) business days prior to the expected filing date) and will not request acceleration of such Registration Statement without prior notice to such counsel; provided that the Company shall make the final decision as to the form and content of each such document.

h. The Company shall hold in confidence and not make any disclosure of information concerning a Buyer provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning such Buyer is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Buyer prior to making such disclosure, and allow such Buyer, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

i. The Company shall use best efforts to cause all the Registrable Securities covered by each Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange.

j. The Company shall provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement.

k. The Company shall cooperate with each Buyer who holds Registrable Securities being offered and the managing underwriter or underwriters as reasonably requested by them with respect to an applicable Registration Statement, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be offered pursuant to such Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the managing underwriter or underwriters, if any, or the Buyer may reasonably request and registered in such names as the managing underwriter or underwriters, if any, or the Buyer may request, and, within three (3) business days after a Registration Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to each Buyer) an appropriate instruction and an opinion of such counsel in the form required by the transfer agent in order to issue the Registrable Securities free of restrictive legends.

l. At the reasonable request of a Buyer, the Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and any prospectus used in connection with the Registration Statement as may be necessary in order to make changes to the plan of distribution set forth in such Registration Statement.

m. The Company shall not, and shall not agree to, allow the holders of any securities of the Company, other than holders of the Registrable Securities, to include any of their securities in any Registration Statement under Section 2(a) hereof, or in any amendment or supplement thereto under Section 3(b) hereof, without the consent of the Buyers. In addition, the Company shall not offer any securities for its own account or the account of others in any Registration Statement under Section 2(a) hereof, or in any amendment or supplement thereto under Section 3(b) hereof, without the consent of the Buyers.

n. [Reserved].

o. The Company shall use its best efforts to comply with all applicable laws related to a Registration Statement and offering and sale of securities and all applicable rules and regulations of governmental authorities in connection therewith (including, without limitation, the Securities Act and the Exchange Act and the rules and regulations promulgated by the SEC).

p. If required by the Financial Industry Regulatory Authority, Inc. ("***FINRA***") Corporate Financing Department, the Company shall promptly effect a filing with FINRA pursuant to FINRA Rule 5110 with respect to the public offering contemplated by resales of securities under the Registration Statement (an "Issuer Filing"), and pay the filing fee required by such Issuer Filing. The Company shall use its best efforts to pursue the Issuer Filing until FINRA issues a letter confirming that it does not object to the terms of the offering contemplated by the Registration Statement.

q. Notwithstanding anything to the contrary herein, at any time after the Registration Statement has been declared effective by the SEC, the Company may delay or suspend the effectiveness of any Registration Statement or the use of any prospectus forming a part of the Registration Statement, in its sole discretion, due to the non-disclosure of material, non-public information concerning the Company, the disclosure of which at the time is not in its best interest, in the good faith opinion of the Company (a "Grace Period"); provided, that the Company shall promptly notify each Buyer in writing of the existence of a Grace Period in conformity with the provisions of this Section 3(q) and the date on which the Grace Period will begin (such notice, a "Commencement Notice"); and, provided further, that no Grace Period shall exceed forty-five (45) days, and such Grace Periods shall not exceed an aggregate total of ninety (90) days during any 12-month period. For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date specified by the Company in the Commencement Notice and shall end on and include the date each Buyer receives written notice of the termination of the Grace Period by the Company (which notice may be contained in the Commencement Notice). The provisions of Sections 3(a)(ii), 3(b) and 3(e) hereof shall not be applicable during any Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by Sections 3(a)(ii), 3(b) and 3(e) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable.

r. Notwithstanding anything to the contrary herein, a delay in the effectiveness of any Registration Statement (other than the Registration Statement filed with respect to the shares issuable under the Tranche 1 Notes) caused solely by the filing of a request for confidential treatment shall not be deemed a breach of the Company's obligations set forth herein and in the case of each Registration Statement required to be filed pursuant to Section 2(a), the Registration Deadline shall be deemed extended to the date that is five (5) business days after the date the SEC agrees to allow confidential treatment pursuant to such request or the date such request is withdrawn by the Company, as applicable.

4. OBLIGATIONS OF THE BUYER. In connection with the registration of the Registrable Securities, each Buyer shall have the following obligations:

a. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a Buyer that such Buyer shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least five (5) business days prior to the first anticipated filing date of a Registration Statement under which Registrable Securities will be registered, the Company shall notify each Buyer of the information the Company requires from such Buyer. Any such information shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein not misleading. A Buyer must provide such information to the Company at least two (2) business days prior to the first anticipated filing date of such Registration Statement if such Buyer elects to have any Registrable Securities included in the Registration Statement.

b. Each Buyer, by such Buyer's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Buyer has notified the Company in writing of the Buyer's election to exclude all of the Buyer's Registrable Securities from such Registration Statement.

c. In the event of an underwritten offering pursuant to Section 2(b) in which any Registrable Securities are to be included, the Buyer agrees to enter into and perform the Buyer's obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the managing underwriter of such offering and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities, unless the Buyer has notified the Company in writing of the Buyer's election to exclude all of the Buyer's Registrable Securities from such Registration Statement.

d. Each Buyer agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Sections 3(e), 3(f) or 3(q), the Buyer will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until the Buyer's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or 3(f) or notice from the Company of the termination of a Grace Period and, if so directed by the Company, the Buyer shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in the Buyer's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

e. Each Buyer agrees that it will not effect any disposition or other transfer of the Registrable Securities that would constitute a sale within the meaning of the Securities Act other than transactions exempt from the registration requirements of the Securities Act or pursuant to, and as contemplated in, a Registration Statement, and that it will promptly notify the Company of any material changes in the information set forth in a Registration Statement furnished by or regarding such Buyer or its plan of distribution other than changes in the number of shares beneficially owned.

5. REGISTRATION FAILURE. In the event of a Registration Failure (as defined in the Notes), the Buyers shall be entitled to Failure Payments (as defined in the Notes) and such other rights as set forth in the Notes and the Facility Agreement.

6. EXPENSES OF REGISTRATION. All reasonable expenses, other than underwriting discounts and commissions allocable to the sale of any Registrable Securities, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualification fees, printers and accounting fees, and the fees and disbursements of counsel for the Company (but not including fees and disbursements for counsel for any Buyer) shall be borne by the Company. All expenses of the Buyers incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, underwriting discounts and commissions and legal expenses incurred by any Buyer for review of any Registration Statement, shall be borne by the applicable Buyer.

7. INDEMNIFICATION. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

a. The Company will indemnify, hold harmless and defend (i) each Buyer, (ii) the directors, officers, partners, managers, members, employees, agents and each Person who controls any Buyer within the meaning of the Securities Act or the Exchange Act, if any, (iii) any underwriter (as defined in the Securities Act) for each Buyer in connection with an underwritten offering pursuant to Section 2(b) hereof, and (iv) the directors, officers, partners, employees and each Person who controls any such underwriter within the meaning of the Securities Act or the Exchange Act, if any (each, an "Indemnified Person"), against any joint or several losses, claims, damages, liabilities or expenses (collectively, together with actions, proceedings or inquiries by any regulatory or self-regulatory organization, whether commenced or threatened, in respect thereof, "***Claims***") to which any of them may become subject insofar as such Claims arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading; (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading; or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities (the matters in the foregoing clauses (i) through (iii) being, collectively, "***Violations***"). The Company shall reimburse the Indemnified Person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything

to the contrary contained herein, the indemnification agreement contained in this Section 7(a) shall (A) not apply to a Claim arising out of or based upon a Violation to the extent that such Violation occurs in reliance upon and in conformity with information furnished in writing to the Company by or behalf of any Indemnified Person for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto; (B) shall not be available to the extent such Claim is based on a failure of the Indemnified Person to deliver or to cause to be delivered the prospectus made available by the Company, including a corrected prospectus, if such prospectus or corrected prospectus was timely made available by the Company pursuant to Section 3(e); and (C) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Buyer pursuant to Section 10 and shall be binding on any transferee.

b. Promptly after receipt by an Indemnified Person under this Section 7 of notice of the commencement of any action (including any governmental action), such Indemnified Person shall, if a Claim in respect thereof is to be made against the Company under this Section 7, deliver to the Company a written notice of the commencement thereof, and the Company shall have the right to participate in, and, to the extent the Company so desires, to assume control of the defense thereof with counsel mutually satisfactory to the Company and the Indemnified Person, as the case may be.

PROVIDED, HOWEVER, that an Indemnified Person shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the Company, if, in the reasonable opinion of counsel for the Buyer, the representation by such counsel of the Indemnified Person and the Company would be inappropriate due to actual or potential material differing interests between such Indemnified Person and any other party represented by such counsel in such proceeding. The Company shall pay for only one separate legal counsel for the Indemnified Persons, and such legal counsel shall be selected by Buyers. The failure to deliver written notice to the Company within a reasonable time of the commencement of any such action shall not relieve the Company of any liability to the Indemnified Person under this Section 7, except to the extent that the Company is actually prejudiced in its ability to defend such action.

c. Each Buyer will indemnify, hold harmless and defend (i) the Company, and (ii) the directors, officers, partners, managers, members, employees, agents and each person who controls the Company within the meaning of the Securities Act or the Exchange Act, if any (each, a "Company Indemnified Person"), against any joint or several losses, claims, damages, liabilities or expenses (collectively, together with actions, proceedings or inquiries by any regulatory or self-regulatory organization, whether commenced or threatened, in respect thereof, "***Indemnity Claims***") to which any of them may become subject insofar as such Indemnity Claims arise out of or are based upon any Violation which occurs due to the inclusion by the Company in a Registration Statement of false or misleading information about a Buyer, where such information was furnished in writing to the Company by such Buyer or on behalf of such Buyer for the purpose of inclusion in such Registration Statement. Such Buyer shall reimburse the Company Indemnified Person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Indemnity Claim, provided, however, the indemnity agreement contained in this Section 7(c) and the agreement with respect to contribution contained in Section 8 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Buyers, which consent shall not be unreasonably withheld or delayed; and provided, further, however, that a Buyer shall be liable under this Section 7(c) for only that amount of an Indemnity Claim as does not exceed the net amount of proceeds received by such Buyer as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company Indemnified Person.

d. Promptly after receipt by a Company Indemnified Person under this Section 7 of notice of the commencement of any action (including any governmental action), such Company Indemnified Person shall, if an Indemnity Claim in respect thereof is to be made against a Buyer under this Section 7, deliver to such Buyer a written notice of the commencement thereof, and such Buyer shall have the right to participate in, and, to the extent the Buyer so desires, to assume control of the defense thereof with counsel mutually satisfactory to the Buyer and the Company Indemnified Person, as the case may be.

PROVIDED, HOWEVER, that a Company Indemnified Person shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the applicable Buyer, if, in the reasonable opinion of counsel for the Company, the representation by such counsel of the Company Indemnified Person and the Buyer would be inappropriate due to actual or potential material differing interests between the Company Indemnified Person and any other party represented by such counsel in such proceeding. A Buyer shall pay for only one separate legal counsel for the Company Indemnified Persons, and such legal counsel shall be selected by the Company. The failure to deliver written notice to a Buyer within a reasonable time of the commencement of any such action shall not relieve the Buyer of any liability to the Company Indemnified Person under this Section 7, except to the extent that the Buyer is actually prejudiced in its ability to defend such action.

8. CONTRIBUTION. To the extent any indemnification by the Company or any Buyer is prohibited or limited by law, each of the Company and each Buyer agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 7 to the fullest extent permitted by law, based upon a comparative fault standard**.**

9. REPORTS UNDER THE 1934 ACT. So long as any Notes remain outstanding, with a view to making available to the Buyers the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Buyers to sell securities of the Company to the public without registration the Company agrees to:

a. make and keep public information available, as those terms are understood and defined in Rule 144;

b. file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

c. furnish to the Buyers, so long as the Buyers own Registrable Securities, promptly upon request, furnish to the Buyers (i) a written statement by the Company that it has complied with the reporting requirements of the Securities Act and the Exchange Act as required for applicable provisions of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested to permit the Buyers to sell such securities pursuant to Rule 144 without registration.

10. ASSIGNMENT OF REGISTRATION RIGHTS. The rights under this Agreement shall be automatically assignable by each Buyer to any transferee of all or any portion of the Registrable Securities (provided such transfer is permitted under the Notes) if: (i) the Buyer agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, and (iii) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein. In the event that a Buyer transfers all or any portion of its Registrable Securities pursuant to this Section, the Company shall have at least five (5) Trading Days following the receipt of such notice to file any amendments or supplements necessary to keep a Registration Statement current and effective pursuant to Rule 415 of the Securities Act, and the commencement date of any Event of Failure or Event of Default (as defined in the Notes or Facility Agreement) under the Notes or Facility Agreement caused thereby will be extended by ten (10) days.

11. AMENDMENT OF REGISTRATION RIGHTS. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with written consent of the Company and the holders holding a majority of the outstanding principal amount of Notes and a majority in interest of then-outstanding Registrable Securities. Any amendment or waiver effected in accordance with this Section 11 shall be binding upon each of the Buyers, all holders of the Notes and Registrable Securities and the Company.

12. MISCELLANEOUS.

a. A Person is deemed to be a holder of Registrable Securities whenever such Person owns of record or beneficially through a "street name" holder such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

b. Any notices required or permitted to be given under the terms hereof shall be sent by certified or registered mail (return receipt requested) or delivered personally or by courier (including a recognized overnight delivery service) or by facsimile or by electronic mail and shall be effective five (5) days after being placed in the mail, if mailed by regular United States mail, or upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, or when red by electronic mail (sender shall have received a "read by recipient" confirmation) in each case addressed to the Party to which it is required or permitted to be given or made at such Party's address as specified below or such other address as such Party shall have designated by notice to the other Parties. If to the Company:

MannKind Corporation
28903 North Avenue Paine
Valencia, CA 91335
Fax: (661) 775-2099
Attn: Matt Pfeffer

With copy to:

Cooley LLP
10 California Street, 5th Floor
San Francisco, CA 94111-5800
Fax: (415) 693-2222
Attn: Gian-Michele a Marca

If to a Buyer:

c/o Deerfield Mgmt, L.P.
780 Third Avenue, 37th Floor
New York, New York 10017
Fax: (212) 599-1248
Attn: James E. Flynn

With a copy to:

Katten Muchin Rosenman LLP
575 Madison Avenue
New York, New York 10022
Fax: (212) 940-8776
Attn: Mark I. Fisher, Esq.
Elliot Press, Esq.

Each party shall provide notice to the other party of any change in address.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to contracts made and to be performed in such State. All legal proceedings concerning the interpretation and enforcement of this Agreement (whether brought against a party or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in The City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute

hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or other proceeding, any claim that it is not personally ‘subject to the jurisdiction of any such court, that such suit, action or other proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or other proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provision of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys’ fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

e. This Agreement, the Notes and the Facility Agreement (including all schedules and exhibits thereto) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the Notes and the Facility Agreement supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 10 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyers by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for breach of its obligations hereunder will be inadequate and agrees, in the event of a breach or threatened breach by the Company of any of the provisions hereunder, that the Buyers shall be entitled, in addition to all other available remedies in law or in equity, to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

k. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

l. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

m. In the event a Buyer shall sell or otherwise transfer any of such holder’s Registrable Securities, each transferee shall be allocated a pro rata portion of the number of Registrable Securities included in a Registration Statement for such transferor.

n. There shall be no oral modifications or amendments to this Agreement. This Agreement may be modified or amended only in writing.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned Buyers and the Company have caused this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

MANNKIND CORPORATION

By: /s/ Matthew J. Pfeffer
Name: Matthew J. Pfeffer
Title: Corporate Vice President and Chief Financial Officer

PURCHASERS:

DEERFIELD PRIVATE DESIGN FUND II, L.P.,
a Delaware limited partnership

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital, LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President

DEERFIELD PRIVATE DESIGN INTERNATIONAL II, L.P.,
a British Virgin Islands limited partnership

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital, LLC, General Partner

By: /s/ James E. Flynn
Name: James E. Flynn
Title: President