

MANKIND CORP  
Form 10-Q  
May 12, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2014**

**Or**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission file number: 000-50865**

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

<b>Delaware</b> <b>(State or other jurisdiction of</b> <b>incorporation or organization)</b>	<b>13-3607736</b> <b>(I.R.S. Employer</b> <b>Identification No.)</b>
<b>28903 North Avenue Paine</b> <b>Valencia, California</b> <b>(Address of principal executive offices)</b>	<b>91355</b> <b>(Zip Code)</b>
<b>(661) 775-5300</b> <b>(Registrant's telephone number, including area code)</b>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of May 5, 2014, there were 388,615,163 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

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**MANNKIND CORPORATION**

**Form 10-Q**

**For the Quarterly Period Ended March 31, 2014**

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**Table of Contents****PART 1: FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****MANNKIND CORPORATION AND SUBSIDIARIES****(A Development Stage Company)****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(In thousands, except share data)**

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 35,759	\$ 70,790
Prepaid expenses and other current assets	3,640	5,485
Total current assets	39,399	76,275
Property and equipment net	176,337	176,557
State research and development credit exchange receivable net of current portion	380	298
Other assets	8,437	5,516
Total	\$ 224,553	\$ 258,646
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 3,638	\$ 3,860
Accrued expenses and other current liabilities	15,006	21,634
Facility financing obligation	25,871	102,300
Total current liabilities	44,515	127,794
Senior convertible notes	98,662	98,439
Note payable to principal stockholder	49,521	49,521
Other liabilities	14,319	13,605
Total liabilities	207,017	289,359

Commitments and contingencies

Stockholders equity (deficit):

Undesignated preferred stock, \$0.01 par value 10,000,000 shares authorized; no shares issued or outstanding at March 31, 2014 and December 31, 2013

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Common stock, \$0.01 par value 550,000,000 shares authorized at March 31, 2014 and December 31, 2013; 386,934,914 and 369,391,972 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	3,869	3,697
Additional paid-in capital	2,362,129	2,261,996
Accumulated other comprehensive loss	(4)	(4)
Deficit accumulated during the development stage	(2,348,458)	(2,296,402)
Total stockholders equity (deficit)	17,536	(30,713)
Total	\$ 224,553	\$ 258,646

See notes to condensed consolidated financial statements.

Table of Contents**MANKIND CORPORATION AND SUBSIDIARIES****(A Development Stage Company)****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(In thousands, except per share data)**

	<b>Three months ended</b>		<b>Cumulative period</b>
	<b>March 31,</b>		<b>from February 14,</b>
	<b>2014</b>	<b>2013</b>	<b>1991 (date of</b>
			<b>inception) to</b>
			<b>March 31, 2014</b>
Revenue	\$	\$	\$ 3,166
Operating expenses:			
Research and development	26,182	26,398	1,603,474
General and administrative	15,229	10,039	500,615
In-process research and development costs			19,726
Goodwill impairment			151,428
Total operating expenses	41,411	36,437	2,275,243
Loss from operations	(41,411)	(36,437)	(2,272,077)
Other income (expense)	(5,890)	23	(8,792)
Interest expense on note payable to principal stockholder	(714)	(1,689)	(45,848)
Interest expense on notes	(4,042)	(2,863)	(59,128)
Interest income	1	1	37,005
Loss before benefit for income taxes	(52,056)	(40,965)	(2,348,840)
Income tax benefit			382
Net loss	(52,056)	(40,965)	(2,348,458)
Deemed dividend related to beneficial conversion feature of convertible preferred stock			(22,260)
Accretion on redeemable preferred stock			(952)
Net loss applicable to common stockholders	\$ (52,056)	\$ (40,965)	\$ (2,371,670)
Net loss per share applicable to common stockholders basic and diluted	\$ (0.14)	\$ (0.15)	

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Shares used to compute basic and diluted net loss per share applicable to common stockholders	368,784	280,058
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See notes to condensed consolidated financial statements.

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	<b>Three months ended</b>		<b>Cumulative period</b>
	<b>March 31,</b>		<b>from February 14,</b>
	<b>2014</b>	<b>2013</b>	<b>1991 (date of</b>
			<b>inception) to</b>
			<b>March 31, 2014</b>
Net loss	\$ (52,056)	\$ (40,965)	\$ (2,348,458)
Other comprehensive loss:			
Cumulative translation (loss) gain		(2)	(4)
Unrealized gain (loss) on investments:			
Unrealized holding gain (loss) during the period			48
Less: reclassification adjustment for gains (losses) included in net loss			(48)
Net unrealized (loss) gain on investments			
Other comprehensive loss		(2)	(4)
Comprehensive loss	\$ (52,056)	\$ (40,967)	\$ (2,348,462)

See notes to condensed consolidated financial statements.



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	<b>Three months ended</b>		<b>Cumulative Period</b>
	<b>March 31,</b>	<b>March 31,</b>	<b>from February 14,</b>
	<b>2014</b>	<b>2013</b>	<b>1991 (Date of</b>
			<b>Inception) to</b>
			<b>March 31, 2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (52,056)	\$ (40,965)	\$ (2,348,458)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and accretion	9,394	3,348	150,228
Stock-based compensation expense	10,937	5,189	194,042
Stock expense for shares issued pursuant to research agreement			3,018
(Gain) loss on sale, abandonment/disposal or impairment of property and equipment			25,070
Accrued interest on investments, net of amortization of discounts			(191)
In-process research and development			19,726
Goodwill impairment			151,428
Loss on available-for-sale securities			990
Litigation settlement in stock			6,494
Fair value of forward purchase contract			1,237
Other, net		(2)	1,101
Changes in assets and liabilities:			
State research and development credit exchange receivable	(82)	(78)	(379)
Prepaid expenses and other current assets	1,845	690	(1,690)
Other assets			(230)
Accounts payable	(1,038)	(924)	2,309
Accrued expenses and other current liabilities	(6,704)	715	32,019
Other liabilities	714		1,303
Net cash used in operating activities	(36,990)	(32,027)	(1,761,983)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of marketable securities			(796,779)

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Sales and maturities of marketable securities			796,393
Purchase of property and equipment	(1,409)	(1,459)	(337,142)
Proceeds from sale of property and equipment			454
Net cash used in investing activities	(1,409)	(1,459)	(337,074)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Issuance of common stock and warrants, net of issuance costs	1,463	78	1,451,640
Collection of Series C convertible preferred stock subscriptions receivable			50,000
Issuance of Series B convertible preferred stock for cash			15,000
Cash received for common stock to be issued			3,900
Repurchase of common stock			(1,028)
Put shares sold to majority stockholder			623
Exercise of warrants for common stock	1,938		96,085
Borrowings under lines of credit			4,220
Payment of 2013 notes			(115,000)
Proceeds from notes receivables			1,742
Proceeds from issuance of facility financing obligation & milestone rights			119,500
Facility financing obligation & milestone rights issuance costs			(598)
Borrowings on notes payable to principal stockholder			387,750
Principal payments on notes payable to principal stockholder			(70,000)
Borrowings on notes payable			3,460
Principal payments on notes payable			(1,667)
Proceeds from senior convertible notes			207,050
Payment of employment taxes related to vested restricted stock units	(33)	(427)	(17,861)
Net cash provided by (used in) financing activities	3,368	(349)	2,134,816

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	<b>Three months ended</b>		<b>Cumulative Period</b>
	<b>March 31,</b>	<b>2013</b>	<b>from February 14,</b>
	<b>2014</b>		<b>1991 (Date of</b>
			<b>Inception) to</b>
			<b>March 31, 2014</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (35,031)	\$ (33,835)	\$ 35,759
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	70,790	61,840	