

THRESHOLD PHARMACEUTICALS, INC.

INSIDER TRADING POLICY

(AS AMENDED THROUGH NOVEMBER 5, 2007)

This document sets forth the Policy regarding trading in the stock and other securities of Threshold Pharmaceuticals, Inc. (the “Company”) and, where applicable, the disclosure of such transactions. All references to the “Company” in the document include any subsidiaries of the Company.

Applicability

This Policy applies to all officers, directors, employees and Scientific Advisory Board members of the Company. In the discretion of the Compliance Officer (as defined below), this Policy may also apply to consultants, advisors and contractors of the Company. The group of people to whom this Policy applies is sometimes referred to in this Policy as “Insiders.” This Policy also applies to any person who receives material nonpublic information from any Insider. Your family members and entities you control or are controlled by you or your family members should be familiar with this Policy.

General Statement

Nonpublic information relating to the Company or its business is the property of the Company. The Company prohibits the unauthorized disclosure of any such nonpublic information acquired in the work-place or otherwise as a result of an individual’s employment or other relationship with the Company, as well as the misuse of any material nonpublic information about the Company or its business in securities trading.

Insider Trading Compliance Officer

The Company has designated the Company’s Senior Director of Finance and Controller, currently Joel A. Fernandes as its current Insider Trading Compliance Officer (the “Compliance Officer”). Please direct your questions as to any of the matters discussed in this Policy to Mr. Fernandes, who can be reached at jfernandes@thresholdpharm.com. In the event Mr. Fernandes is unavailable, you may contact the Company’s Vice President of Biostatistics and Clinical Operations, currently Stewart M. Kroll who has been designated by the Company as the Back-up Compliance Officer (the “Back-up Compliance Officer”). Mr. Kroll can be reached at skroll@thresholdpharm.com.

General Policies

The following are the general rules of the Company’s Insider Trading Policy that apply to all Insiders. If you are an Insider, it is very important that you understand and follow these rules. If you violate them, you may be subject to disciplinary action by the Company (including, if you are an employee, termination of your employment for cause). You could also be in violation of applicable securities laws (and subject to civil and criminal penalties, including fines and imprisonment). Note that it is your individual responsibility to comply with the laws against insider trading. This Policy is intended to assist you in complying with these laws, but you must always exercise appropriate judgment in connection with any trade in the Company’s stock.

The terms “immediate family,” “material information,” and “nonpublic information” are defined below.

Officers, directors and other personnel designated by the Company’s Board of Directors (the “Board”) or the Compliance Officer from time to time are subject to certain additional policies and restrictions. See “*Additional Policies and Restrictions Applicable to Officers, Directors and Others Specified by the Company*” on page 7.

1. **Do not trade while in possession of material nonpublic information.** From time to time you may come into possession of material nonpublic information as a result of your relationship with the Company. You **may not** buy, sell or trade in the Company’s stock or other securities involving the Company’s stock **at any time** while you possess material nonpublic information concerning the Company (whether during a black-out period (as defined below), if applicable, or at any other time). You must wait to trade until newly released material information has been public for at least one full trading day (a trading day is a day on which the stock market is open).

2. **Do not trade during black-out periods.** From time to time, the Compliance Officer may designate periods of time as black-out periods. A black-out period may be implemented, for example, if there is some information or development with or relating to the Company’s business that merits a suspension of trading by certain members of or all Company personnel. During a black-out period, the trading window for the Company’s stock is closed and no individual listed on Attachment A to this Policy or any individual designated by the Compliance Officer may engage in trading. If the Compliance Officer has determined that the black-out period is applicable to you, you will be informed that a black-out period has been implemented and you will be notified when such black-out period ends and the trading window is open. Neither the implementation of a black-out period nor the reason therefore may be widely announced as that information can itself be sensitive information. If you are informed that a black-out period has been implemented, you **may not** disclose such fact to anyone, including other Company employees (who may themselves not be subject to the black-out), family members (other than those who would be prohibited from trading because you are), friends or brokers. You should treat the imposition of a black-out period as material nonpublic information.

Remember to cancel any “limit” orders or other pending trading orders you have in place during a black-out period (unless the orders were made pursuant to an approved Rule 10b5-1 trading program).

3. **Pre-clear trades involving Company stock.** If you are unsure about whether information you possess would qualify as material nonpublic information and whether you therefore should refrain from trading in the Company’s stock, you should pre-clear any transactions involving Company stock that you intend to engage in with the Compliance Officer.

4. **Do not give nonpublic information to others.** Do not give nonpublic information concerning the Company (commonly referred to as “tipping”) to any other person, including family members, and don’t make recommendations or express opinions about trading in the Company’s stock under any circumstances.

5. **Do not discuss any Company information with the press, analysts or other persons outside of the Company.** Announcements of Company information are regulated by Company policy (separate from this Policy) and may only be made by persons specifically authorized by the Company to make such announcements. Laws and regulations govern the nature and timing of such announcements to outsiders or the public and unauthorized disclosure could result in substantial liability for you, the Company and its management. If you receive inquiries by any third party about Company information, you should notify the Compliance Officer immediately.

6. **Do not participate in Internet “chat rooms” in which the Company is discussed.** You may not participate in on-line dialogues (or similar activities) involving the Company, its business or its stock.

7. **Do not use nonpublic information to trade in other companies’ stock.** Do not trade in the stock of the Company’s customers, vendors, suppliers or other business partners when you have nonpublic information concerning the Company or these business partners that you obtained in the course of your relationship with the Company and that would give you an advantage in trading.

8. **Do not engage in speculative transactions involving the Company’s stock.** Do not engage in any transactions that suggest you are speculating in the Company’s stock (that is, that you are trying to profit in short-term movements, either increases or decreases, in the stock price). You **may not** engage in any short sale, “sale against the box” or any equivalent transaction involving the Company’s stock (or the stock of any of the Company’s business partners in any of the situations described above). A short sale involves selling shares that you do not own at a specified price with the expectation that the price will go down so you can buy the shares at a lower price before you have to deliver them.

Note that many hedging transactions, such as “cashless” collars, forward sales, equity swaps and other similar or related arrangements may indirectly involve a short sale. You are discouraged from engaging in such transactions and such transactions must be carefully reviewed by the Compliance Officer prior to the time you enter into it. The Compliance Officer will assess the proposed transaction and, in light of the facts and circumstances, make a determination as to whether the proposed transaction may be completed or would violate this Policy. In addition, if you are trading in Company stock pursuant to a “blind trust” or a Rule 10b5-1 trading program (see “*Exceptions for Blind Trusts and Pre-Arranged Trading Programs*” below), there may be additional restrictions on your ability to engage in a hedging transaction.

In addition, the Company recommends that you not margin or pledge your Company stock to secure a loan to you and that you not purchase Company stock “on margin” (that is, borrow funds to purchase stock, including in connection with exercising any Company stock options).

9. **Your family members and entities you control or are controlled by you or your family members should be familiar with this Policy.**

Under certain circumstances, transactions involving Company stock engaged in by members of **your immediate family** or **by entities** over which you or members of your immediate family have or share voting or investment control, or whose assets are held for the benefit of you or your immediate family, **may be treated the same as transactions engaged in by you and may subject them, and in certain circumstances, you, to civil and criminal liability.** You may share this Policy with members of your immediate family, entities you control, and your financial planners, tax advisors or attorneys.

(This may not apply to certain family trusts and other entities of this type having an independent, professional trustee who makes investment decisions on behalf of the entity, and with whom you do not share Company information. Please contact the Compliance Officer if you have questions regarding this. You should assume that this exception is not available unless you have first obtained the approval of the Compliance Officer.)

Exceptions to the General Policies

The following exceptions to the general insider trading policies apply:

1. **Exceptions for Purchases Under Employee Stock Option and Stock Purchase Plans**

The **exercise** (without a sale) of stock options under the Company's stock option plans and the purchase of shares under the Company's employee stock purchase plan are exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

But, any subsequent **sale** of shares acquired under a Company stock plan **is subject** to this Policy.

2. **Exceptions for Blind Trusts and Pre-Arranged Trading Programs**

Rule 10b5-1 of the Securities Exchange Act of 1934 provides an affirmative defense against insider trading liability under federal securities laws for a transaction done pursuant to "blind trusts" (generally, trusts or other arrangements in which investment control has been completely delegated to a third party, such as an institutional or professional trustee) or pursuant to a written plan, or a binding contract or instruction, entered into in good faith at a time when the insider was not aware of material nonpublic information, even though the transaction in question may occur at a time when the person is aware of material nonpublic information. The Company may, in appropriate circumstances, permit transactions pursuant to a blind trust or a pre-arranged trading program that complies with Rule 10b5-1 to take place during periods in which the individual entering into the transaction may have material nonpublic information or during black-out periods.

The trading prohibitions described in this Policy will not apply to transactions in the Company's securities made by an employee, officer or director of the Company under a blind trust or other arrangement or plan to trade securities under Rule 10b5-1 of the Securities Exchange Act of 1934 (a "Plan") that has been submitted to the Compliance Officer and acknowledged by the Company in accordance with this policy.

Employees, officers and directors of the Company who are interested in adopting such a Plan should refer to the guidelines (the "Plan Guidelines") as adopted from time to time by the Board or a committee of the Board, which describe the substantive provisions recommended for Plans related to the Company's securities.

No Plan may become effective until the participant (i) has delivered a complete copy to the Compliance Officer and (ii) received the Compliance Officer's written acknowledgement of the Plan. In the case of a Plan entered into by an executive officer or director, the Compliance Officer is required to secure the approval of at least one member of the Board before delivering the acknowledgment.

3. **Exceptions for Emergency, Hardship or Other Special Circumstances**

In order to respond to emergency, hardship or other special circumstances, exceptions to the prohibition against trading during black-out periods will require the approval of the Compliance Officer and the Chief Executive Officer of the Company.

Application of Policy After Employment Terminates

If your employment terminates at a time when you have or think you may have material nonpublic information about the Company or its business partners, the prohibition on trading on such

information continues until such information is absorbed by the market following public announcement of it by the Company or another authorized party, or until such time as the information is no longer material.

If you are subject to a black-out period and your employment terminates during a black-out period (or if you otherwise leave while in possession of material nonpublic information), you will continue to be subject to the Policy, and specifically to the ongoing prohibition against trading, until the black-out period ends (or otherwise until the close of the first full trading day following public announcement of the material nonpublic information).

If you have questions as to whether you possess material nonpublic information or if you are subject to a black-out period after you have left the employ of the Company, you should direct questions to the Compliance Officer at jfernandes@thresholdpharm.com.

Potential Criminal and Civil Liability and/or Disciplinary Action

The penalties for “insider trading” include civil fines of up to three times the profit gained or loss avoided, and criminal fines of up to \$1,000,000 and up to ten years in jail for each violation. You can also be liable for improper transactions by any person to whom you have disclosed nonpublic information or made recommendations on the basis of such information as to trading in the Company’s securities (“tippee liability”). The Securities and Exchange Commission (“SEC”) has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers (“NASD”) use sophisticated electronic surveillance techniques to uncover insider trading. Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity incentive plans or termination of employment for cause.

Definitions used in this Policy

1. **Immediate Family.** The following persons are considered members of your “immediate family” if they share your household: child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and include any such relationships that arises through marriage or by adoption.

2. **Material Information.** It is not possible to define all categories of “material” information, but information should be regarded as material if it is likely that it would be considered important to an investor in making an investment decision regarding purchase or sale of the Company’s stock

While it may be difficult to determine whether particular information is material or not, there are some categories of information relating to the Company that are particularly sensitive and that should almost always be considered material. Examples include: clinical trial results or developments, regulatory approvals and announcements, developments or changes regarding the Company’s cash position, information regarding strategic relationships or collaborations, news of a merger or acquisition, changes in senior management, a change in the Company’s accountants or accounting policies, or any major problems or successes of the business. Either positive or negative information may be material. If you have any questions regarding whether information you possess is material or not, you should contact the Compliance Officer.

3. **Nonpublic Information.** Information about the Company is considered to be “nonpublic” if it is known within the Company but not yet disclosed to the general public. The Company generally discloses information to the public either via press release or in the regular quarterly and annual

reports that the Company is required to file with the SEC. Information is considered “public” only after it has been publicly available, through press release or otherwise, for at least twenty-four hours. If you have any questions regarding whether any information you possess is nonpublic or has been publicly disclosed, you should contact the Compliance Officer.

Questions

Please direct questions you have regarding this Policy and any transactions in Company securities to the Compliance Officer, at jfernandes@thresholdpharm.com.

**Additional Policies and Restrictions Applicable to Officers,
Directors and Other Personnel Designated by the Board or the Compliance Officer**

The following policies and restrictions (the “Additional Policies”) apply to **officers, directors and other personnel designated by the Board or the Compliance Officer**. If you violate these rules, you may be subject to disciplinary action by the Company (including termination of your employment for cause). In addition, you could be in violation of applicable securities laws (and subject to civil and criminal penalties, including fines and imprisonment). Note that it is your individual responsibility to comply with the laws against insider trading. This Policy is intended to assist you in complying with these laws, but you must always exercise appropriate judgment in connection with any trade in the Company’s stock.

Persons subject to these Additional Policies are also subject to the general policies described in the preceding section (with the more restrictive policy applying in any case where there is a conflict).

The terms “immediate family,” “material information” and “nonpublic information” were defined above.

1. **You must pre-clear all trades involving the Company’s stock.** All officers, directors and other personnel designated by the Board or the Compliance Officer **must refrain from trading** in the Company’s stock **unless** they first comply with the Company’s pre-clearance procedures. For the purposes of this paragraph, trading in the Company’s stock includes all pledges and encumbrances, all short sales, all gifts, and all transfers to affiliates of stockholder. To pre-clear a transaction, you must get the approval of the Compliance Officer before you enter into the transaction. In pre-clearing a trade, and in addition to reviewing the substance of the proposed trade, the Compliance Officer may consider whether it will be possible for both the individual and the Company to comply with any applicable public reporting requirements. You should contact the Compliance Officer **at least three days** before you intend to engage in any transaction to allow enough time for pre-clearance procedures.

You are required to pre-clear all transactions involving Company stock if you are listed on Attachment A to this Policy. If you are added to the list of persons subject to the Company’s mandatory pre-clearance policy, the Compliance Officer will notify you.

Please note that the Compliance Officer, the Board and the Company are under no obligation to respond to a request for pre-clearance within a specified amount of time and shall not be liable for any losses you may incur as a result of a delayed response to a pre-clearance request. If you have not completed the pre-cleared trade within 24 hours after receiving pre-clearance, you should again request for and obtain pre-clearance for the trade. In addition, if you receive pre-clearance and subsequently learn of material nonpublic information, you should again request for and obtain pre-clearance for the trade.

2. **You must pre-clear any margin transactions involving Company stock.** If you are listed on Attachment A, you may not enter into any margin transaction involving Company stock unless you have first pre-cleared it with the Compliance Officer. The Compliance Officer will review proposed margin transactions in light of guidelines (including public reporting guidelines) that he or she from time to time establishes with input from the Board, if appropriate.

3. **You must pre-clear hedging or derivatives transactions involving Company stock.** Those persons listed on Attachment A are discouraged from engaging in hedging or derivative transactions, such as “cashless” collars, forward contracts, equity swaps or other similar or related transactions. If you wish to engage in such a transaction, you must pre-clear it with the Compliance

Officer, who will review the proposed transaction in light of guidelines (including public reporting guidelines) that he or she from time to time establishes, with input as appropriate from the Board and the Company's outside legal counsel.

4. **Observe the Section 16 liability rules applicable to officers, directors and 10% stockholders.** Certain officers of the Company, directors and 10% stockholders must also conduct their transactions in the Company's stock in a manner designed to comply with the "short-swing" trading rules of Section 16(b) ("Section 16") of the Securities Exchange Act of 1934 (the "Exchange Act"). The practical effect of these provisions is that officers and directors who purchase and sell, or sell and purchase, Company securities within a six-month period must disgorge all profits to the Company whether or not they had any nonpublic information at the time of the transactions.

If you are subject to Section 16, you are listed on Attachment B to this Policy.

5. **Comply with public securities law reporting requirements.** Federal securities laws require that officers, directors, large stockholders and affiliates of the Company publicly report transactions in Company stock (on Forms 3, 4 and 5 under Section 16, Form 144 with respect to restricted and control securities, and, in certain cases, Schedules 13D and 13G). The Company takes these reporting requirements very seriously and requires that all persons subject to public reporting of Company stock transactions adhere to the rules applicable to these forms. Where issues arise as to whether reporting is technically required (particularly issues that turn on facts specific to the transaction and the individuals involved, or on unsettled issues of law), the Company encourages its insiders to choose to comply with the spirit and not the letter of the law – in other words, to err on the side of fully and promptly reporting the transaction even if not technically required to do so.

6. **Comply with trading restrictions imposed in connection with pension plan blackout periods.** Federal securities laws prohibit Section 16 officers and directors of public companies from trading in company securities during a "pension plan blackout period." The Company is required to provide you with advance notice of a pension plan blackout period. If you receive such a notice, you must refrain from engaging in most transactions involving Company securities (**including exercising stock options**, notwithstanding the provisions contained in "*Exemptions for Purchases Under Employee Stock Option and Stock Purchase Plans*" above) until the pension plan blackout period has terminated. If you engage in a prohibited transaction during a pension plan blackout period, you will be required to turn over profits on the transaction (which may include amounts in excess of actual economic profits you realize on the transaction) to the Company.

In addition, where the Company is required to report transactions by individuals, the Company expects full and timely cooperation by the individual.

THRESHOLD PHARMACEUTICALS, INC.

**INSIDER TRADING POLICY
ACKNOWLEDGMENT**

I certify that I have read, understand and agree to comply with the Threshold Pharmaceuticals, Inc. Insider Trading and Disclosure Policy. I agree that I will be subject to sanctions imposed by the Company, in its discretion, for violation of the Policy, and that the Company may give stop-transfer and other instructions to the Company's transfer agent against the transfer of Company securities as necessary to ensure compliance with the Policy. I acknowledge that one of the sanctions to which I may be subject as a result of violating the Company's policy is termination of my employment including termination for cause.

Date: _____

Signature: _____

Printed Name: _____

ATTACHMENT A

**THRESHOLD PHARMACEUTICALS, INC.
OFFICERS, DIRECTORS AND OTHER PERSONNEL DESIGNATED BY THE BOARD OR
THE COMPLIANCE OFFICER
AS SUBJECT TO THE PRE-CLEARANCE PROCEDURES
OF THE INSIDER TRADING POLICY**

**See Sections 1, 2 and 3 under Additional Policies and Restrictions Applicable to Officers,
Directors and Other Personnel Designated by the Board or the Compliance Officer**

(note that a person may be listed on multiple attachments)

[list maintained by the Company]

ATTACHMENT B

**THRESHOLD PHARMACEUTICALS, INC.
PERSONS SUBJECT TO SECTION 16**

**See Sections 4, 5 and 6 under Additional Policies and Restrictions Applicable to Officers,
Directors and Other Personnel Designated by the Board**

(note that a person may be listed on multiple attachments)

[list maintained by the Company]

INSIDER TRADING AND DISCLOSURE COMPLIANCE PROGRAM

THRESHOLD PHARMACEUTICALS, INC.

In order to take an active role in the prevention of insider trading and reporting violations by its officers, directors, employees, consultants and other related individuals, Threshold Pharmaceuticals, Inc. (the “Company”) has adopted the policies and procedures described in this Compliance Program.

I. **Adoption of Insider Trading Policy.**

The Company has adopted the Threshold Pharmaceuticals, Inc. Insider Trading and Disclosure Policy (the “Policy”).

II. **Designation of Certain Persons.**

A. **Section 16 Individuals.** The Board of Directors (the “Board”) has determined those persons who are “executive officers” and who are thus, along with the members of the Board (collectively, the “Section 16 Individuals”), subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the “1934 Act”) and the related rules and regulations. As of September 1, 2006, the persons subject to Section 16 are those listed on Attachment B to the Policy. The Board will, from time to time and as appropriate, amend such determination to reflect the election of new officers or directors, any change in function of current officers, and the resignation or departure of current officers or directors and the Compliance Officer shall update Attachment B to the Policy accordingly.

B. **Other Persons.** The Board has determined that those persons listed on Attachment A (note that a person may be listed on multiple attachments) are subject to the pre-clearance requirements of the Policy (and further described in Section IV.A. below), in that the Board believes that, in the normal course of their duties, such persons have, or are likely to have, regular access to material nonpublic information. Attachment A may be amended from time to time by the Board or the Compliance Officer and the Compliance Officer shall update Attachment A accordingly. Under special circumstances, other personnel not listed on Attachment A may come to have access to material nonpublic information for a period of time and the Compliance Officer may require such persons to be subject to the pre-clearance procedures or the black-out periods, as may be implemented by the Compliance Officer from time to time. The Compliance Officer will notify personnel who are subject to a black-out period implemented by the Compliance Officer.

III. **Oversight of Policy.** The Board or a committee of the Board shall oversee the implementation and enforcement of the Policy.

IV. **Appointment of Compliance Officer.**

The Company has appointed the Company’s Senior Director of Finance & Controller, currently Joel A. Fernandes (or his or her designee), as the Company’s Insider Trading Compliance Officer (the “Compliance Officer”). In order to ensure compliance with the Policy and in particular Section V.E. below, the Compliance Officer is authorized to designate one or more persons to assist in administering this Policy.

V. **Duties of Compliance Officer.**

The duties of the Compliance Officer include, but are not be limited to, the following:

A. Pre-clearing all transactions involving the Company's stock by the persons listed on Attachment A to the Policy, in order to determine compliance with the Policy, insider trading laws, Section 16 of the Exchange Act, Rule 144 promulgated under the Securities Act of 1933 and other applicable securities laws, as adopted and amended from time to time.

B. Assisting in the preparation and filing of Section 16 reports (Forms 3, 4 and 5) for all Section 16 Individuals, and other applicable reports (whether filed by the Company or the individual), including providing memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16, its related rules and other applicable disclosure rules.

C. Serving as the designated recipient at the Company of copies of reports filed with the Securities and Exchange Commission by Section 16 Individuals under Section 16 of the Exchange Act and other reports required by applicable disclosure rules.

D. Mailing monthly, or if appropriate more frequent, reminders to all Section 16 Individuals and other individuals subject to disclosure rules regarding their obligations to report or to assist the Company in complying with its reporting obligations.

E. Establishing procedures designed to ensure that the Company will be in a position to comply with any securities law disclosure rules, either currently in force or that may be adopted in the future, that apply to the Company and relate to insider transactions involving Company stock. The procedures may include requiring an insider to notify the Compliance Officer sufficiently in advance of engaging in a transaction both to allow pre-clearance of the transaction for purposes of the Policy and to prepare any reports the Company is required to file, and requiring an insider to make available to the Company all information necessary for the Company to comply with applicable disclosure rules.

F. Performing periodic cross-checks of available materials, which may include Forms 3, 4 and 5, Form 144, officers and directors questionnaires and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to material nonpublic information.

G. Circulating the Policy (or a summary of the Policy) to all employees and consultants of the Company, on an appropriate periodic basis, and providing the Policy and other appropriate materials to new employees and consultants, and otherwise ensuring that appropriate education of affected individuals is accomplished.

H. Updating Attachment A and Attachment B to this Policy as needed.

I. Notifying affected personnel of the implementation and termination of black-out periods as described in this Policy.