

**AUDIT COMMITTEE CHARTER ADOPTED BY THE BOARD OF DIRECTORS  
OF THRESHOLD PHARMACEUTICALS, INC.**

***Purpose***

The primary purpose of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Threshold Pharmaceuticals, Inc. (the “Company”) is to oversee the accounting and financial reporting processes of the Company and audits of its financial statements; to assist the Board in oversight and monitoring of Company’s internal accounting and financial controls; and to oversee and assess the qualifications, independence and performance of the registered public accounting firm engaged as the Company’s independent auditor for the purpose of preparing or issuing an audit report or performing audit services. The Committee is not responsible, however, for planning or conducting audits, or determining whether the Company’s financial statements are complete and accurate or in accordance with generally accepted accounting principles.

***Membership***

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall be “independent”, as that term is defined in Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Rules and Regulations (the “Regulations”) of the Securities and Exchange Commission (the “Commission”) under the Exchange Act, and shall meet the independence and financial literacy requirements of The Nasdaq Stock Market (“Nasdaq”). At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

***Responsibilities***

The Committee is charged by the Board with the responsibility to:

1. Appoint and provide for the compensation of a “registered public accounting firm” (as that term is defined in Section 2(a) of the Sarbanes-Oxley Act of 2002, or any applicable successor statements), as modified or supplemented from time to time, to serve as the Company’s independent auditor (which independent auditor shall report directly to the Committee), oversee the work of the independent auditor (including resolution of any disagreements between management and the independent auditor regarding financial reporting), evaluate the performance of the independent auditor and, if so determined by the Committee, replace the independent auditor; it being acknowledged that the independent auditor is ultimately accountable to the Board and the Committee, as representatives of the stockholders.
2. Ensure the receipt of, and evaluate the written disclosures and the letter that the independent auditor submits to the Committee regarding the auditor’s independence in

accordance with Public Company Accounting Oversight Board (“PCAOB”) Rule 3526, “Communication with Audit Committees Concerning Independence”, or any successor rules, as modified or supplemented from time to time, discuss such reports with the independent auditor, assess and oversee the independence of the independent auditor and, if so determined by the Committee in response to such reports, take appropriate action to address issues raised by such evaluation.

3. At least annually, discuss with the independent auditor the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the PCAOB (including any successor rules).
4. Discuss any other matters required to be communicated to the Committee by the independent auditor under standards of the PCAOB.
5. Instruct the independent auditor and the internal auditor, if any, to advise the Committee if there are any subjects that require special attention.
6. Instruct the independent auditor to report to the Committee on all critical accounting policies of the Company, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor, and other material written communication between the independent auditor and management.
7. Meet with management and the independent auditor to discuss the annual financial statements and the report of the independent auditor thereon, and to discuss significant issues encountered in the course of the audit work, including: restrictions on the scope of activities; access to required information; the adequacy of internal financial controls; the adequacy of the disclosure of off-balance sheet transactions, arrangements, obligations and relationships in reports filed with the Commission; and the appropriateness of the presentation of any non-GAAP financial measures (as defined in the Regulations) included in any report filed with the Commission or in any public disclosure or release.
8. Review any management letter delivered by the independent auditor in connection with the audit and management’s response, if any, to such letter.
9. Following such review and discussions, if so determined by the Committee, recommend to the Board that the annual financial statements be included in the Company’s annual report.
10. Meet quarterly with management and the independent auditor to discuss the quarterly financial statements prior to the filing of the Form 10-Q; provided that this responsibility may be delegated to the chairman of the Committee or a member of the Committee who is a financial expert.
11. Periodically meet in separate executive sessions with management, the internal auditor, if any, and the independent auditor to discuss matters that any of them or the Committee

believes could significantly affect the financial statements and should be discussed privately.

12. Review significant changes to the Company's accounting principles and practices proposed by the independent auditor, the internal auditor, if any, or management.
13. Review the scope and results of internal audits, if any.
14. Evaluate the performance of the internal auditor, if any, and, if so determined by the Committee, recommend replacement of the internal auditor.
15. Review and discuss with management and, as appropriate, the independent auditor, the Company's major financial risk exposures and the steps taken by management to monitor and control these exposures.
16. Review the Company's investment policy and evaluate the Company's adherence to such policy with regard to investment of the Company's assets.
17. Conduct or authorize such inquiries into matters within the Committee's scope of responsibility as the Committee deems appropriate.
18. Provide minutes of Committee meetings to the Board, and report to the Board on any significant matters arising from the Committee's work.
19. At least annually, review and reassess this Charter and, if appropriate, recommend changes to the Board.
20. Prepare the Committee report required by the Regulations to be included in the Company's annual proxy statement.
21. Establish procedures for receipt, retention and treatment of any complaints received by the Company about its accounting, internal accounting controls or auditing matters and for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
22. Approve, in accordance with Sections 10A(h) and (i) of the Exchange Act and the Regulations, all professional services, to be provided to the Company by its independent auditor, provided that the Committee shall not approve any non-audit services proscribed by Section 10A(g) of the Exchange Act in the absence of an applicable exemption. The Committee may adopt policies and procedures for the approval of such services which may include delegation of authority to a designated member or members of the Committee to approve such services so long as any such approvals are disclosed to the full Committee at its next scheduled meeting.
23. Conduct review and oversight of related party transactions, as defined by applicable Nasdaq rules, and approve all such related party transactions.
24. Performing such other duties as may be requested by the Board

### ***Authority***

By adopting this Charter, the Board delegates to the Committee full authority in its discretion to:

1. Appoint, determine the compensation for (at the Company's expense), retain and oversee the independent auditor as set forth in Section 10A(m)(2) of the Exchange Act and the Regulations, and to otherwise perform each of the responsibilities of the Committee described above.
2. Appoint a chair of the Committee, unless a chair is designated by the Board.
3. Engage independent counsel and other advisers as the Committee determines necessary to carry out its responsibilities.
4. Cause the officers of the Company to provide such funding as the Committee shall determine to be appropriate for payment of compensation to the Company's independent auditor and any legal counsel or other advisers engaged by the Committee, and payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### ***Compensation***

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board in accordance with applicable rules of Nasdaq and the Commission.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

*Last Updated February 26, 2015*