

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

I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Threshold Pharmaceuticals, Inc. (the “Company”) is to assist the Board in the discharge of its responsibilities relating to compensation, and to oversee incentive plans, equity-based plans and other compensatory plans in which directors and executive officers of the Company participate. The term “executive officers” means those officers covered by Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 16a-1(f) promulgated thereunder.

II. Composition

The Committee shall be composed of two or more directors, as determined by the Board, each of whom shall, as determined by the Board, satisfy: (i) the independence requirements of the NASDAQ Stock Market (“NASDAQ”) applicable to compensation committee members, as in effect from time to time, when and as required by NASDAQ, subject to any exceptions permitted by NASDAQ; and (ii) any other qualifications determined by the Board or the Nominating and Governance Committee from time to time. Each member may also be required to satisfy, as determined by the Board from time to time, (a) the “non-employee director” standard within the meaning of Rule 16b-3 promulgated under the Exchange Act; and (b) the “outside director” standard within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Committee may form and delegate authority to subcommittees as appropriate, including but not limited to (1) if deductibility of “performance-based” compensation under Section 162(m) of the Code is desired, a subcommittee composed of at least two members of the Committee who are “outside directors” under Section 162(m) (any such subcommittee, a “Section 162(m) Subcommittee”) and (ii) a subcommittee composed of one or more members of the Committee to grant stock awards under the Company’s equity incentive plans to persons who are not (a) “Covered Employees” under Section 162(m) of the Code, (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code or (c) then subject to Section 16 of the Exchange Act; or (2) if an exemption from Section 16(b) of the Exchange Act under Rule 16b-3 is desired, a subcommittee composed solely of at least two members of the Committee who are “non-employee directors” under Rule 16b-3 to grant awards of equity securities and to take such other actions as may be necessary or appropriate to qualify transactions in the Company’s equity securities under the Rule 16b-3 exemption. Without limiting the generality of the foregoing, the Committee may form and delegate authority to a committee composed solely of employees of the Company to serve as an administrative and/or

investment committee, with fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 (“ERISA”), with respect to one or more Company plans that are subject to ERISA.

III. Structure and Operations

The Committee shall meet as often as necessary to carry out its responsibilities. The chair of the Committee shall preside at each meeting. In the event the chair of the Committee is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such executive officers shall not be present during any portion of Committee meetings at which their own compensation or performance is discussed or determined.

Minutes of each meeting of the Committee shall be prepared and distributed to each director of the Company after each meeting. The chairperson of the Committee shall report to the Board on any significant matters arising from the Committee’s work and whenever requested to do so by the Board.

Each member of the Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder.

The Committee shall review this charter at least annually and recommend any proposed changes to the Board for its consideration.

IV. Responsibilities

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

1. Develop and periodically review compensation policies and practices applicable to executive officers, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the composition in terms of base salary, incentive compensation, equity-based compensation, deferred compensation and other benefits.
2. Review and recommend corporate and individual goals and objectives relevant to the CEO’s compensation, evaluate the performance of the CEO in light of these goals and objectives, and recommend for determination and approval by the Board the compensation of the CEO based on this review (other than Section 162(m) Compensation (as defined below), which shall be determined and approved by the Committee). In determining for recommendation the long-term incentive component of CEO compensation, the Committee may consider the Company’s performance and relative stockholder return, the value of

similar incentive awards given to CEOs at comparable companies and the awards given to the Company's CEO in past years. In evaluating and determining for recommendation CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.

3. Review and approve corporate and individual goals and objectives relevant to the compensation of other executives, evaluate their respective performances in light of these goals and objectives, and approve the compensation for such individuals based on this review. In making recommendations regarding executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote.
4. Review any employment agreements, severance arrangements, change-in-control arrangements or special or supplemental employee benefits, and any material amendments to any of the foregoing, applicable to executive officers, approve the same and if such agreements, arrangements or plans relate to the Company's CEO, recommend the same for approval by the members of the Board based on this review.
5. Oversee and evaluate incentive plans and other compensatory plans of the Company in which executive officers participate, including approving guidelines and size of grants and awards, making grants and awards, interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards, designating employees eligible to participate and imposing limitations and conditions on grants or awards.
6. Oversee and evaluate equity-based plans, including approving guidelines and size of grants and awards, making grants and awards, interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards, designating employees eligible to participate and imposing limitations and conditions on grants or awards.
7. Review and approve, subject to stockholder or Board approval as required, the creation or amendment of any incentive, equity-based and other compensatory plans of the Company (other than amendments to tax-qualified employee benefit plans and trusts, and any supplemental plans thereunder, that do not substantially alter the costs of such plans to the Company or are simply to conform such plans to applicable laws or regulations). In reviewing and approving incentive, equity-based and other compensatory plans of the Company, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote.
8. Review periodically with the CEO the plans for succession to the offices of the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.
9. Review and recommend to the Board periodically the type and amount of compensation and benefits offered to nonemployee directors, including consulting, retainer, meeting, committee and committee chair fees, as well as any equity awards.

10. Review and discuss the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (“SEC”) with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
11. Produce the annual Compensation Committee Report for inclusion in the Company’s proxy statement in accordance with applicable SEC rules and regulations.
12. Review the Company’s practices and policies of employee compensation as they relate to risk management and risk-taking incentives, to determine whether such compensation policies and practices are reasonably likely to have a material adverse effect on the Company.
13. Review and discuss with management, if appropriate, any conflicts of interest raised by the work of any compensation consultant that had any role in determining or recommending the amount or form of executive or director compensation or was retained by the Committee or management and how such conflict is being addressed for disclosure in the Company’s annual proxy statement in accordance with applicable SEC rules and regulations.
14. Perform such other duties and responsibilities as may be assigned to the Committee by the Board or as designated in plan documents.

In addition, notwithstanding the foregoing or any other provision in this charter, if deductibility of “performance-based” compensation under Section 162(m) of the Code is desired, only the Committee or a Section 162(m) Subcommittee shall approve compensation intended to qualify for the “performance-based compensation” exception of Section 162(m) (“Section 162(m) Compensation”). Approval of Section 162(m) Compensation shall include but not be limited to, the grant of stock options and the establishment, evaluation and certification of achievement of performance goals related to cash or equity compensation. Nothing in this charter requires the Committee to grant compensation that qualifies for the “performance-based compensation” exemption of Section 162(m). To the extent that any provision of this charter implicates Section 162(m) Compensation and deductibility of “performance-based” compensation under Section 162(m) of the Code is desired, references in such provision to the Committee shall include the Section 162(m) Subcommittee, if any.

V. Authority

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

1. 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. Retain, or obtain the advice of, in its sole discretion, any compensation consultant, legal counsel or other adviser (referred to collectively as “advisers”) to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser’s independence as specified in NASDAQ Listing Rule 5605(d)(3) or any successor provision. However, nothing in this provision requires that any advisers be independent. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisers retained by the Committee, and such advisers shall report directly, and be accountable, to the Committee. The Committee shall have sole authority to approve such adviser’s fees and the other terms and conditions of such adviser’s retention, including the authority to terminate the retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee. Nothing in this provision requires the Committee to implement or act consistently with the advice or recommendations of any adviser or affects the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

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