



## Threshold Pharmaceuticals Reports First Quarter 2009 Financial Results

REDWOOD CITY, Calif., May 7, 2009 (GlobeNewswire via COMTEX News Network) -- Threshold Pharmaceuticals, Inc. (Nasdaq:THLD), today reported financial results for the first quarter ended March 31, 2009.

The net loss for the first quarter of 2009 was \$6.5 million compared to \$5.0 million for the first quarter of 2008. Research and development expenses were \$3.5 million for the first quarter of 2009 versus \$3.2 million for the first quarter of 2008. The increase in research and development expenses primarily reflects an increase in clinical trial expenses related to TH-302. General and administrative expenses were \$1.7 million for the first quarter of 2009 versus \$2.3 million for the first quarter of 2008. This decrease was primarily due to lower consulting, employee-related and facilities expenses. Threshold recognized revenue of \$0.4 million for the quarter ended March 31, 2008, related to a pre-existing development agreement with MediBIC Co., Ltd. Revenue was fully recognized under this agreement as of the end of the fourth quarter of 2008. Total non-cash stock compensation expense for the Company was \$0.6 million for the first quarter of 2009 versus \$1.1 million for the first quarter of 2008. The decrease in stock-based compensation expense is due to the amortization of fewer options with lower valuations. Interest expense for the first quarter of 2009 was \$1.4 million versus \$21,000 for the first quarter for 2008. This increase was due to a \$1.4 million non-cash charge related to the revaluation of the Company's 3.6 million outstanding common stock warrants as a result of its adoption of EITF 07-5 "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" in the first quarter of 2009. In accordance with this recent accounting pronouncement, stock warrants with certain terms that were previously accounted for as equity must now be accounted for as a liability with changes to their fair value recognized in the consolidated statement of operations.

As of March 31, 2009, Threshold had \$17.3 million in cash, cash equivalents and marketable securities.

The Company is evaluating TH-302, the Company's clinical stage, hypoxia-activated prodrug, as a monotherapy and in combination with four different chemotherapy regimens. TH-302 is a proprietary prodrug which, upon activation, releases an active phosphoramidate bis-alkylator similar to that of ifosfamide, an approved chemotherapy agent. The monotherapy clinical trial of TH-302 has treated over 40 patients with various solid tumors with TH-302 given three weeks out of a four-week cycle. The clinical trials of TH-302 in combination chemotherapy are progressing as planned with dose escalation ongoing to determine the maximum tolerated dose of TH-302 with gemcitabine, docetaxel, pemetrexed or doxorubicin. The Company continues to plan to have interim data available from these clinical trials during the second quarter of 2009.

Last month, the Company presented preclinical studies of TH-302 at the 2009 American Association for Cancer Research (AACR) annual meeting. One of these studies indicated that TH-302 has superior activity and less toxicity than ifosfamide in two preclinical lung cancer models, resulting in a higher therapeutic index for TH-302 than for ifosfamide. A drug's therapeutic index is a comparison of the amount of a drug that causes the therapeutic effect to the amount that causes toxic effects. A high therapeutic index is preferable to a low one.

### 2009 Guidance and Key Milestones

The Company currently expects 2009 cash requirements to be in the range of \$19 to \$21 million. The Company expects existing cash, cash equivalents and marketable securities to last into the first quarter of 2010.

The Company currently anticipates the following clinical milestones in 2009:

- \* Present top-line results for TH-302 in monotherapy in Q2;
- \* Present interim results for TH-302 in combination therapy in Q2; and,
- \* Initiate a randomized controlled Phase 2 clinical trial for TH-302 in Q4.

### About Threshold Pharmaceuticals

Threshold is a biotechnology company focused on the discovery and development of drugs targeting the tumor microenvironment. This approach offers broad potential to treat most solid tumors. By selectively targeting tumor cells, we are

building a pipeline of drugs that hold promise to be more effective and less toxic to healthy tissues than conventional anticancer drugs. For additional information, please visit our website ([www.thresholdpharm.com](http://www.thresholdpharm.com)).

## Forward-Looking Statements

Except for statements of historical fact, the statements in this press release are forward-looking statements, including statements regarding Threshold's product candidates and approach to developing new product candidates, pre-clinical testing of TH-302, clinical trials and anticipated results, potential therapeutic uses and benefits of TH-302 and financial results, estimates, projections and requirements. These statements involve risks and uncertainties that can cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties include, but are not limited to, Threshold's ability to attract and retain employees, commence, enroll or complete its anticipated clinical trials, the time and expense required to conduct such clinical trials and analyze data, issues arising in the regulatory or manufacturing process and the results of such clinical trials (including product safety issues and efficacy results). Further information regarding these and other risks is included under the heading "Risk Factors" in Threshold's Quarterly Report on Form 10-K, which was filed with the Securities Exchange Commission on March 13, 2009 and is available from the SEC's website ([www.sec.gov](http://www.sec.gov)) and on our website under the heading "Investors." We undertake no duty to update any forward-looking statement made in this news release.

THRESHOLD PHARMACEUTICALS, INC.  
(A Development Stage Enterprise)  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
Revenue	\$ --	\$ 359
Operating expenses		
Research and development	3,499	3,181
General and administrative	1,672	2,331
	5,171	5,512
Total Operating Expenses	5,171	5,512
Loss from operations	(5,171)	(5,153)
Interest and other income	39	199
Interest and other expense	(1,411)	(21)
	(6,543)	(4,975)
Net Loss	(6,543)	(4,975)
	=====	=====
Net loss per common share-basic and diluted	\$ (0.43)	\$ (0.80)
	=====	=====
Weighted-average shares used in computing basic and diluted net loss per common share	15,218	6,219
	=====	=====

THRESHOLD PHARMACEUTICALS, INC.  
(A Development Stage Enterprise)  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

	March 31, 2009	December 31, 2008
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	(unaudited)	(1)
Assets		
Cash, cash equivalents and marketable securities	\$ 17,261	\$ 22,337
Prepaid expenses and other current assets	396	518
Property and equipment, net	953	1,168
Other assets	508	508
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Total assets	\$ 19,118	\$ 24,531
	=====	=====
Liabilities and stockholders' equity		
Total current liabilities	\$ 1,695	\$ 2,563
Long-term liabilities (2)	2,467	554
Stockholders' equity	14,956	21,414
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Total liabilities and stockholders' equity	\$ 19,118	\$ 24,531
	=====	=====

(1) Derived from audited financial statements.

(2) Includes as of March 31, 2009 \$1.9 million for warrant liability as result of the Company's adoption on January 1, 2009, of EITF 07-5 "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock."

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SOURCE: Threshold Pharmaceuticals, Inc.

Threshold Pharmaceuticals, Inc.  
Denise T. Powell, Sr. Director, Corporate Communications  
650-474-8206  
[dpowell@thresholdpharm.com](mailto:dpowell@thresholdpharm.com)

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