

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

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 NO. 0-27436

TITAN PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

94-3171940

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
identification number)

400 OYSTER POINT BLVD., SUITE 505, SOUTH SAN FRANCISCO, CALIFORNIA 94080

(Address of principal executive offices, including zip code)

(650) 244-4990

(Registrant's telephone number, including zip code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, \$.001 par value
Class A Warrants

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 twelve (12) months (or for such shorter period that the registrant was required to file such report(s)), and (2) has been subject to the filing requirements for the past ninety (90) days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [] .

The aggregate market value of the voting stock (excluding preferred stock convertible into and having voting rights on certain matters equivalent to 606,061 shares of common stock) held by non-affiliates of the registrant was approximately \$64,679,956, based on the last sales price of the common stock as of March 27, 1998.

As of March 27, 1998, 13,099,738 shares of common stock, \$.001 par value, of the registrant were issued and outstanding.

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT.

The following table sets forth the names, ages and positions of the executive officers and directors of the Company.

<TABLE>
<CAPTION>

NAME	AGE	POSITION
<S>	<C>	<C>
Louis R. Bucalo, M.D. (1)	39	President, Chief Executive Officer and Director
Sunil Bhonsle	48	Executive Vice President and Chief Operating Officer
Richard C. Allen, Ph.D.	55	Executive Vice President
Robert E. Farrell	48	Executive Vice President and Chief Financial Officer
Victor Bauer, Ph.D.	62	Executive Director; Corporate Development and Director
Michael K. Hsu (2)	49	Director
Hubert Huckel, M.D. (3)	66	Director
Marvin E. Jaffe, M.D. (2)	61	Director
Lindsay A. Rosenwald, M.D. (1) (3)	42	Director
Konrad M. Weis, Ph.D. (1)	69	Director
Kenneth J. Widder, M.D. (1) (3)	45	Director
Ernst-Gunter Afting, M.D., Ph.D.	55	Director

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- (1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Compensation Committee

LOUIS R. BUCALO, M.D., is a co-founder of the Company and of each of the Operating Companies and has served as the Company's President and Chief Executive Officer since January 1993. Dr. Bucalo has served as a director of the Company since March 1993. Dr. Bucalo also serves as Chairman of the Board of each of the Operating Companies and as Chairman and Chief Executive Officer of ProNeura. From July 1990 to April 1992, Dr. Bucalo was Associate Director of Clinical Research at Genentech, Inc., a biotechnology company. Dr. Bucalo holds an M.D. from Stanford University and a B.A. in biochemistry from Harvard University.

SUNIL BHONSLE joined the Company as Executive Vice President and Chief Operating Officer in September 1995. Mr. Bhonsle served in various positions, including Vice President and General Manager, Plasma Supply and Manager, Inventory and Technical Planning, at Bayer Corporation from July 1975 until April 1995. Mr. Bhonsle holds an M.B.A. from the University of California at Berkeley and a B.Tech. in chemical engineering from the Indian Institute of Technology.

RICHARD C. ALLEN, PH.D., joined the Company in August 1995. He also currently serves as President and Chief Executive Officer of Theracell, which he joined in January 1995 and President and Chief Operating Officer of ProNeura. From June 1991 until December 1994, Dr. Allen was Vice President and General Manager of the Neuroscience Strategic Business Unit of Hoechst-Roussel Pharmaceuticals, Inc. Dr. Allen holds a Ph.D. in medicinal chemistry and a B.S. in pharmacy from the Medical College of Virginia.

ROBERT E. FARRELL joined the Company as Executive Vice President and Chief Financial Officer in September 1996. Mr. Farrell was employed by Fresenius USA, Inc. from 1991 until August 1996 where he served in various capacities, including Vice President Administration, Chief Financial Officer and General Counsel. His last position was Corporate Group Vice President. Mr. Farrell holds a B.A. from University of Notre Dame and a J.D. from Hastings College of Law, University of California.

VICTOR J. BAUER, PH.D., has served as a director since November 1997. Dr. Bauer joined the Company in February 1997, and currently serves as Executive Director of Corporate Development. Since April 1996, Dr. Bauer has served as a Director and Chairman of Theracell. From December 1992 until February 1997, Dr. Bauer was a self-

employed consultant to companies in the pharmaceutical and biotechnology industries. Prior to that time, Dr. Bauer was with Hoechst-Roussel Pharmaceuticals Inc., where he served as President from 1988 through 1992.

MICHAEL K. HSU has served as a director of the Company since March 1993. Mr. Hsu is President of Biotechnology Venture Capital Representative for the government of Taiwan. From November 1994 through October 1995, he served as Director - Corporate Finance of Coleman and Company Securities. Since March 1989, Mr. Hsu has served as President of APS Bioventures Co., which until November 1994 was an investment banking division of RAS Securities. Mr. Hsu previously held various executive positions with Steinberg and Lyman Health Care Company, Ventana Venture Growth Fund, Asian Pacific Venture Group (Thailand) and D. Blech Company.

HUBERT HUCKEL, M.D. has served as a director of the Company since October 1995. From 1964 until his retirement in December 1992, Dr. Huckel served in various positions with The Hoechst Group. At the time of his retirement, he was chairman of the Board of Hoechst-Roussel Pharmaceuticals, Inc., Chairman and President of Hoechst-Roussel Agri-Vet Company and a member of the Executive Committee of Hoechst Celanese Corporation. He currently serves on the Board of Directors of Royce Laboratories, Inc. and Sano Corporation.

MARVIN E. JAFFE, M.D. has served as a director of the Company since October 1995. From 1988 until April 1994, Dr. Jaffe served as President of R.W. Johnson Pharmaceutical Research Institute where he was responsible for the research and development activities in support of a number of Johnson & Johnson companies, including ORTHO-McNeil Pharmaceuticals, ORTHO Biotech and CILAG. From 1970 until 1988, he was Senior Vice President of the Merck Research Laboratories. He currently serves on the Board of Directors of Chiroscience, plc and Immunomedics, Inc.

LINDSAY A. ROSENWALD, M.D., is a co-founder of the Company and has served as a director of the Company since March 1993. Dr. Rosenwald co-founded Interneuron Pharmaceuticals, Inc. and has served as its Chairman since February 1989. Dr. Rosenwald has been the Chairman and President of The Castle Group, Ltd., a New York medical venture capital firm ("Castle"), since October 1991 and the Chairman and President of Paramount Capital, Inc., an investment banking firm, since February 1992, and the founder, Chairman and President of Paramount Capital Asset Management, Inc., a money management firm specializing in the life sciences industry, since June 1994. Dr. Rosenwald also is a director of the following publicly-traded pharmaceutical biotechnology companies: Avigen, Inc., BioCryst Pharmaceuticals, Inc., Neose Technologies, Inc., Sparta Pharmaceuticals, Inc., and VimRx Pharmaceuticals, Inc. and is a director of a number of privately-held companies in the biotechnology or pharmaceutical fields.

KONRAD M. WEIS, PH.D., has served as a director of the Company since March 1993. Dr. Weis is Honorary Chairman and former President and Chief Executive Officer of Bayer Corporation. Dr. Weis serves as a director of PNC Equity Management Company, Michael Baker Company, and Dravo Company.

KENNETH J. WIDDER, M.D. has served as a director of the Company since March 1993. Dr. Widder is Chairman and Chief Executive Officer of Molecular Biosystems, Inc. Dr. Widder serves on the Board of Directors of Wilshire Technologies, Inc. and Digivision.

ERNST-GUNTER AFTING, M.D., PH.D., has served as a director of the Company since May 1996. Dr. Afting has served as the President of the GSF-National Center for Environment and Health, a government research center in Germany since 1995. From 1984 until 1995, he was employed in various capacities by the Hoechst Group, serving as Divisional Head of the Pharmaceuticals Division of the Hoechst Group from 1991 to 1993 and as President and Chief Executive Officer of Roussel Uclaf (a majority stockholder of Hoechst AG) in Paris from 1993 until 1995.

Directors serve until the next annual meeting or until their successors are elected and qualified. Officers serve at the discretion of the Board of Directors, subject to rights, if any, under contracts of employment. See "Management - Employment Agreements."

DIRECTOR COMPENSATION

Non-employee directors are entitled to receive \$2,000 for each Board and committee meeting attended, although certain directors forego such fees, and are reimbursed for their expenses in attending such meetings. Directors are not precluded from serving the Company in any other capacity and receiving compensation therefor. In addition, directors are entitled to receive options ("Director Options") pursuant to the Company's 1995 Stock Option Plan. Director Options are exercisable in four equal annual installments commencing six months from the date of grant and expire the earlier of 10 years after the date of grant or 90 days after the termination of the director's service on the Board of Directors. In January 1996, each of the Company's current directors other than Dr. Afting and Dr. Bauer received Director Options to purchase 10,000 shares of common stock at an exercise price of \$5.00 per share. Dr. Afting received Director Options to purchase 10,000 shares of common stock at an exercise price of \$8.50 per share when he joined the Board of Directors in May 1996. Dr. Bauer received Director Options to purchase 10,000 shares of common stock at an exercise price of \$5.56 when he joined the Board of Directors in November 1997. In July 1997, each of the directors received Director Options to purchase 2,000

shares at an exercise price of \$2.88 per share.

During 1997, Dr. Huckel received \$155,000 in consulting fees for services rendered in connection with the Company's licensing of Iloperidone from HMRI. See "Item 13. Certain Relationships and Related Transactions."

BOARD COMMITTEES AND DESIGNATED DIRECTORS

The Board of Directors has an Executive Committee, a Compensation Committee and an Audit Committee. The Executive Committee exercises all the power and authority of the Board of Directors in the management of the Company between Board meetings, to the extent permitted by law. The Compensation Committee makes recommendations to the Board concerning salaries and incentive compensation for officers and employees of the Company and may administer the Company's 1995 Stock Option Plan. The Audit Committee reviews the results and scope of the audit and other accounting related matters.

The Board of Directors met six times during 1997 and also took action by unanimous written consent. The Executive Committee met two times and also took action by unanimous written consent, and the Compensation Committee and Audit Committee each met one time. Each of the current directors of the Company attended at least 75% of the aggregate of (i) the meetings of the Board of Directors and (ii) meetings of any Committees of the Board on which such person served which were held during the time such person served.

The Company has agreed, if requested by D.H. Blair Investment Banking Corp., the underwriter of the IPO ("Blair"), to nominate a designee of Blair to the Company's Board of Directors until January 18, 2001.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers, directors and persons who beneficially own more than 10% of a registered class of the Company's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Such executive officers, directors, and greater than 10% beneficial owners are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms filed by such reporting persons.

Based solely on the Company's review of such forms furnished to the Company and written representations from certain reporting persons, the Company believes that all filing requirements applicable to the Company's executive officers, directors and greater than 10% beneficial owners were complied with, with the exception of Richard Allen who filed a Form 4 two months late and Lindsay Rosenwald who filed a Form 5 one month late.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

In March and April 1993, the Company borrowed an aggregate of \$700,000 from Dr. Lindsay A. Rosenwald, the co-founder and a director of the Company. See "Item 12. Security Ownership of Certain Beneficial Owners and Management." The loan was evidenced by 10% promissory notes payable on demand. Dr. Rosenwald received warrants that are currently exercisable to purchase an aggregate of 20,355 shares of common stock at an exercise price of \$4.50 per share. In June 1995, the notes, together with accrued interest, were cancelled in consideration of the issuance to Dr. Rosenwald of shares of Series A preferred stock which subsequently converted into 215,135 shares of common stock.

In April and May 1993, Dr. Rosenwald made loans to the Company in the aggregate principal amount of \$1,014,000. Such loans were repaid, together with accrued interest at the rate of 7% per annum, from the proceeds of the private placement of Series A preferred stock described below.

In January 1995, the Company agreed to issue warrants to purchase an aggregate of 7,395 shares of common stock at an exercise price of \$3.25 per share to Ray Dirks Research ("RDR") or its designees for services rendered in connection with a license transaction. Michael Hsu, a director of the Company, serves as a consultant to RDR and received one-half of such warrants.

In February 1995, Paramount Capital, Inc. ("Paramount") acted as placement agent in connection with the Company's private placement of Series B preferred stock. Paramount received \$103,125 in commissions and a \$45,375 expense allowance for services rendered in connection with such private placement. In addition, designees of Paramount received Series B preferred stock purchase warrants that currently represent warrants to purchase an aggregate of 46,350

shares of common stock at an exercise price of \$3.92 per share. Dr. Rosenwald serves as the President and Chairman of Paramount and received warrants to purchase 17,961 of such shares.

Between August and October 1995, The Aries Domestic Fund L.P. and The Aries Trust loaned the Company an aggregate of \$250,000 evidenced by the promissory notes (the "Investor Notes") which bore interest at the rate of 12% per annum and were payable on the earlier of the closing of an initial public offering or one year from the date of issuance. In accordance with their terms, the principal amount of the Investor Notes was converted into \$250,000 principal amount of 10% promissory notes (the "Bridge Notes") and 125,000 Class A warrants as part of a bridge financing completed in October 1995. Accrued interest on the Investor Notes was repaid in January 1996. Repayment of the principal and accrued interest on the Bridge Notes was made upon completion of the Company's initial public offering in January 1996. Dr. Rosenwald is the President of the general partner of The Aries Domestic Fund L.P. and serves as investment manager for The Aries Trust.

In June and July of 1997, Dr. Hubert Huckel, a director of the Company, received an aggregate of \$155,000 in consulting fees for services rendered in connection with the Company's consummation of the HMRI Agreement. Dr. Huckel was paid pursuant to a consulting agreement which provided for the payment of fees based upon a percentage of the up-front consideration paid by the Company upon completion of a licensing transaction with Dr. Huckel's assistance. The consulting agreement expired by its terms in January 1998.

The Company believes that all of the transactions set forth above were made on terms no less favorable to the Company than could have been obtained from unaffiliated third parties. The Company has adopted a policy that all future transactions, including loans, between the Company and its officers, directors, principal shareholders and their affiliates will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested outside directors on the Board of Directors, and will continue to be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TITAN PHARMACEUTICALS, INC.

Date: May 1, 1998

By: /s/ Robert E. Farrell

Robert E. Farrell,
Executive Vice President and Chief
Financial Officer (principal financial
and accounting officer)