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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2007.

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 number 001-13341

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 No.)**

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 Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition or "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 44,981,460 shares of the Registrant's Common Stock issued and outstanding on November 2, 2007.

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Part I. Financial Information

Item 1. Condensed Financial Statements (unaudited)

TITAN PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2007 (unaudited)	December 31, 2006 (Note A)
Assets		
Current assets		
Cash and cash equivalents	$ 863	$ 9,613
Marketable securities	12,645	4,102
Prepaid expenses, other receivables and current assets	430	504
Total current assets	13,938	14,219
Property and equipment, net	417	457
Investment in other companies	—	150
Other assets	35	214
Total assets	$ 14,390	$ 15,040
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 443	$ 561
Accrued clinical trials expenses	1,011	1,521
Other accrued liabilities	1,429	1,312
Total current liabilities	2,883	3,394
Minority interest—Series B preferred stock of Ingenex, Inc.	1,241	1,241
Stockholders' equity		
Common stock, at amounts paid-in	234,555	224,221
Additional paid-in capital	11,078	10,118
Accumulated deficit	(235,375)	(223,944)
Accumulated other comprehensive income	8	10
Total stockholders' equity	10,266	10,405
Total liabilities and stockholders' equity	$ 14,390	$ 15,040

Note A: The balance sheet has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statement presentation.

See Notes to Condensed Consolidated Financial Statements

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TITAN PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amount)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2007	2006	2007	2006
License revenue	$ —	$ 1	$ 12	$ 3
Operating expenses:				
Research and development	3,093	3,264	7,782	9,329
General and administrative	1,467	1,287	4,296	3,657
Total operating expenses	4,560	4,551	12,078	12,986
Loss from operations	(4,560)	(4,550)	(12,066)	(12,983)
Other income (expense):				
Interest income, net	186	208	492	554
Other income (expense)	50	2	143	(42)
Other income (expense), net	236	210	635	512
Net loss	$ (4,324)	$ (4,340)	$(11,431)	$(12,471)
Basic and diluted net loss per share	$ (0.10)	$ (0.11)	$ (0.27)	$ (0.33)
Weighted average shares used in computing basic and diluted net loss per share	44,478	38,891	41,901	37,902

See Notes to Condensed Consolidated Financial Statements

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TITAN PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net loss	$(11,431)	$(12,471)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	234	293
Loss (gain) on disposal of assets	(9)	5
Gain on sale of investments	(352)	—
Stock-based compensation	960	673
Changes in operating assets and liabilities:		
Prepaid expenses, receivables and other assets	253	674
Accounts payable and other accrued liabilities	(511)	1,003
Net cash used in operating activities	(10,856)	(9,823)
Cash flows from investing activities:		
Purchases of furniture and equipment	(196)	(55)
Disposals of furniture and equipment	11	21
Purchases of marketable securities	(48,872)	(13,228)
Proceeds from maturities of marketable securities	24,279	13,290
Proceeds from sales of marketable securities	16,048	—
Sale of investment in other companies	502	—
Net cash provided by (used in) investing activities	(8,228)	28
Cash flows from financing activities:		
Issuance of common stock, net	10,334	9,752
Net cash provided by financing activities	10,334	9,752
Net decrease in cash and cash equivalents	(8,750)	(43)
Cash and cash equivalents at beginning of period	9,613	9,142
Cash and cash equivalents at end of period	863	9,099
Marketable securities at end of period	12,645	8,219
Cash, cash equivalents and marketable securities at end of period	$ 13,508	$ 17,318

See Notes to Condensed Consolidated Financial Statements

TITAN PHARMACEUTICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Summary of Significant Accounting Policies

The Company

We are a biopharmaceutical company developing proprietary therapeutics for the treatment of central nervous system (CNS) disorders, cardiovascular disease, bone disease and other disorders. Our product development programs focus primarily on large pharmaceutical markets with significant unmet medical needs and commercial potential. We are both directly developing our product candidates and utilizing strategic partnerships to help fund product development that enable us to retain significant economic interest in our products. We operate in one business segment, the development of pharmaceutical products.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Titan Pharmaceuticals, Inc. and its subsidiaries after elimination of all significant intercompany accounts and transactions. Certain prior period balances have been reclassified to conform to the current period presentation. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for a complete financial statement presentation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007, or any future interim periods.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Titan Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the Securities and Exchange Commission (SEC).

We expect to continue to incur substantial additional operating losses from costs related to continuation and expansion of product and technology development, clinical trials, and administrative activities. We believe that our working capital at September 30, 2007, together with the proceeds from the sale of our common stock (see Note 8), and funds available under the Common Stock Purchase Agreement (see Note 7) are sufficient to sustain our planned operations through the first half of 2008.

We will need to seek additional financing sources to fund our product development activities, and will be required to obtain substantial funding to commercialize any products other than iloperidone or Spheramine that we may successfully develop. If we are unable to complete a debt or equity offering, or otherwise obtain sufficient financing when and if needed, we may be required to reduce, defer or discontinue one or more of our product development programs.

Revenue Recognition

We generate revenue principally from collaborative research and development arrangements, technology licenses, and government grants. Revenue arrangements with multiple components are divided into separate units of accounting if certain criteria are met, including whether the delivered component has stand-alone value to the customer, and whether there is objective and reliable evidence of the fair value of the undelivered items. Consideration received is allocated among the separate units of accounting based on their respective fair values, and the applicable revenue recognition criteria are then applied to each of the units.

Revenue is recognized when the four basic criteria of revenue recognition are met: (1) a contractual agreement exists; (2) transfer of technology has been completed or services have been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured. For each source of revenue, we comply with the above revenue recognition criteria in the following manner:

- Collaborative arrangements typically consist of non-refundable and/or exclusive technology access fees, cost reimbursements for specific research and development spending, and various milestone and future product royalty payments. If the delivered technology does not have stand-alone value or if we do not have objective or reliable evidence of the fair value of the undelivered component, the amount of revenue allocable to the delivered technology is deferred. Non-refundable upfront fees with stand-alone value that are not dependent on future performance under these agreements are recognized as revenue when received, and are deferred if we have continuing performance obligations and have no evidence of fair value of those obligations. Cost reimbursements for research and development spending are recognized when the related costs are incurred and when collections are reasonably expected. Payments received related to substantive, performance-based "at-risk" milestones are recognized as revenue upon achievement of the clinical success or regulatory event specified in the underlying contracts, which represent the culmination of the earnings process. Amounts received in advance are recorded as deferred revenue until the technology is transferred, costs are incurred, or milestone is reached.
- Technology license agreements typically consist of non-refundable upfront license fees, annual minimum access fees or royalty payments. Non-refundable upfront license fees and annual minimum payments received with separable stand-alone values are recognized when the technology is transferred or accessed, provided that the technology transferred or accessed is not dependent on the outcome of our continuing research and development efforts.
- Government grants, which support our research efforts in specific projects, generally provide for reimbursement of approved costs as defined in the notices of grants. Grant revenue is recognized when associated project costs are incurred.

Majority-Owned Subsidiary

At September 30, 2007, we owned 81% of Ingenex (assuming the conversion of all preferred stock to common stock).

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN 48"), which provides clarification related to the process associated with accounting for uncertain tax positions recognized in consolidated financial statements. FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FIN 48 also provides guidance related to, among other things, classification, accounting for interest and penalties associated with tax positions, and disclosure requirements. We adopted FIN 48 on January 1, 2007 and the impact on our consolidated financial statements was not material.

In September 2006, the FASB issued FASB Statement ("SFAS") No. 157, *Fair Value Measurement,* ("SFAS 157"). SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. The guidance clarifies the principle for assessing fair value based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, the guidance establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data such as companies' own data. Under this guidance, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating SFAS 157 and expects to adopt this guidance beginning on January 1, 2008.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We have not decided if we will choose to measure any eligible financial assets and liabilities at fair value.

In June 2007, the EITF reached a consensus on EITF Issue No. 07-03, *Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities* (EITF 07-3). Under EITF 07-03, nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. Such amounts should be expensed as the related goods are delivered or services

are performed. If our expectations change such that we do not expect the goods to be delivered or services to be rendered, the capitalized advance payment should be charged to expense. EITF 07-03 is effective for new contracts entered into beginning January 1, 2008. We have not yet determined the impact that EITF 07-03 will have on our financial statements.

2. Stock Option Plans

In December 2004, the Financial Accounting Standards Board (FASB) issued their final standard on accounting for share-based payments in FASB Standard No. 123R (revised 2004), *Share-Based Payment* (SFAS 123R). This statement replaces FASB Statement 123, *Accounting for Stock-Based Compensation*, and supersedes Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*. The statement is effective for all interim and annual periods beginning after December 15, 2005 and requires companies to measure and recognize compensation expense for all share-based payments at fair value in the consolidated statement of income. Share-based payments include stock option grants under Company stock plans, more fully described in note 12 of the Company's 2006 Annual Report on Form 10-K.

Effective January 1, 2006, we adopted SFAS 123R using the modified-prospective-transition method. Under this transition method, stock compensation cost recognized beginning January 1, 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of, January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation cost for all share-based payments granted on or subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Results for prior periods have not been restated.

We use the Black-Scholes-Merton option-pricing model with the following assumptions to estimate the share-based compensation expense for the three and nine month periods ended September 30, 2007 and 2006:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2007	2006	2007	2006
Weighted-average risk-free interest rate	4.3%	4.5%	4.5%	4.8%
Expected dividend payments	—	—	—	—
Expected holding period (years)[1]	5.9	6.0	5.9	5.8
Weighted-average volatility factor	0.76	0.71	0.84	0.64
Estimated forfeiture rates for options granted to management[2]	2%	2%	2%	2%
Estimated forfeiture rates for options granted to non-management[2]	29%	31%	29%	31%

1 Based on the simplified method provided in Staff Accounting Bulletin No. 107 for "plain vanilla options."

2 Estimated forfeiture rates are based on historical data.

The following table summarizes the SFAS 123R share-based compensation expense recorded for awards under the stock option plans and the resulting impact on our basic and diluted loss per share for the three and nine month periods ended September 30, 2007 and 2006, due to the adoption of SFAS 123R:

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine months Ended September 30,	
	2007	2006	2007	2006
Research and development	$ 153	$ 58	$ 305	$ 295
General and administrative	210	120	655	378
Total share-based compensation expenses	$ 363	$ 178	$ 960	$ 673
Increase in basic and diluted net loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)

No tax benefit was recognized related to share-based compensation expense since we have incurred operating losses and we have established a full valuation allowance to offset all the potential tax benefits associated with our deferred tax assets.

During the three month period ended September 30, 2007 we granted 95,000 options to employees, directors and consultants to purchase common stock. The following table summarizes option activity for the nine month period ended September 30, 2007:

(in thousands, except per share amounts)	Options	Weighted Average Exercise Price	Weighted Average Remaining Option Term	Aggregate Intrinsic Value
Outstanding at January 1, 2007	6,590	$ 7.12	5.24	$ 3,606
Granted	692	2.88		
Exercised	(74)	1.79		
Expired or forfeited	(282)	4.85		
Outstanding at September 30, 2007	6,926	$ 6.85	5.03	$ 907
Exercisable at September 30, 2007	5,869	$ 7.61	4.31	$ 805

As of September 30, 2007 there was approximately $1.1 million of total unrecognized compensation expense related to non-vested stock options. This expense is expected to be recognized over a weighted-average period of 1.67 years.

3. Net Loss Per Share

We calculated net loss per share using the weighted average common shares outstanding for the periods presented. For the periods ended September 30, 2007 and 2006, the effect of an additional 6,926,273 and 6,995,790 shares, respectively, representing outstanding options, were not included in the computation of diluted earnings per share because they are anti-dilutive.

4. Income Taxes

We adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109,* or FIN 48, on January 1, 2007. Upon adoption of FIN 48, we commenced a review of our tax position taken in our tax returns that remain subject to examination. Based upon our review we do not believe we have any unrecognized tax benefits or that there is a material impact on our financial condition or results of operations as a result of implementing FIN 48.

We file income tax returns in the U.S. and various state jurisdictions. We are subject to U.S. federal or state income tax examinations by tax authorities for all years in which we reported net operating losses that are being carried forward. We do not believe there will be any material changes in our unrecognized tax positions over the next 12 months.

We recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of the date of adoption of FIN 48, we did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized for the three and nine month periods ended September 30, 2007.

5. Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income or loss. The only component of other comprehensive income or loss is unrealized gains and losses on our marketable securities. Comprehensive losses for the three and nine month periods ended September 30, 2007 were $4.3 million and $11.4 million, respectively, and for the three and nine month periods ended September 30, 2006 were $4.3 million and $12.4 million, respectively.

6. Commitments and Contingencies

Legal Proceedings

On July 30, 2007, we received notification that on July 3, 2007 a complaint was filed in the United States District Court in and for the Middle District of Florida against, among others, Berlex, Inc., Schering AG, the Regents of the University of California and us. The complaint alleges that a patient in the Spheramine Phase IIb clinical trial suffered certain physical effects and that she and her husband suffered emotional distress as a result of her participation in the trial. The complaint alleged breach of contract, product liability and fraud and deceit claims. The plaintiffs were seeking $5.2 million in damages, as well as punitive damages, costs and attorney's fees.

On or about September 18, 2007, the plaintiff voluntarily dismissed the complaint in United States District Court in and for the Middle District of Florida and filed a substantially similar action in the Superior Court of the State of California, Alameda County.

The Company maintains product liability insurance in the amount of $5 million per incidence. We disagree with these claims, and will pursue resolution of this matter.

7. Stockholders' Equity

In February 2007, we filed a shelf registration statement with the SEC to sell up to $50 million of common or preferred stock. Under this registration statement, shares may be sold periodically to provide additional funds for our operations. In April 2007, we entered into a stock purchase agreement with certain individual and institutional investors for the purchase and sale of 5,445,546 shares of our common stock under the shelf registration statement at a price of $2.02 per share. In May 2007, we completed the sale of such shares for gross proceeds of $11.0 million. Net proceeds were approximately $10.2 million.

On March 14, 2007, we entered into a Common Stock Purchase Agreement (the "Purchase Agreement"), with Azimuth Opportunity Ltd. ("Azimuth") which provides that, upon the terms and subject to the conditions set forth therein, Azimuth is committed to purchase up to the lesser of (a) $25.0 million of our common stock, or (b) 7,805,887 shares of our common stock over the 24 month term of the Purchase Agreement. Over the term of the Purchase Agreement, at our sole discretion, we may present Azimuth with draw down notices requiring Azimuth to purchase a specified dollar amount of shares of our common stock, subject to certain limits and so long as specified conditions are met. The price per share at which the shares will be sold, and therefore the number of shares to be sold pursuant to the draw down notice, is determined over a pricing period of up to ten consecutive trading days. The per share purchase price for the shares sold on any particular trading day during the pricing period will equal the daily volume weighted average price of our common stock for that day, less a discount ranging from 4.5% to 7.0% depending on the threshold price specified by us (which in no event may be less than $1.50 per share). We are able to present Azimuth with up to 30 draw down notices during the 24 month term of the Purchase Agreement, with a minimum of five trading days required between each draw down pricing period. The Purchase Agreement also provides that from time to time and at our sole discretion we may grant Azimuth the right to exercise one or more options to purchase additional shares of our common stock up to an aggregate amount specified by us during each draw down pricing period. The threshold price for the option is determined by us and is subject to a discount calculated in the same manner as for the draw down notices. Any sale of the shares will be registered pursuant to the February 2007 shelf registration statement. No draw downs were made under this facility during the three and nine month periods ended September 30, 2007.

In March 2007, we terminated the Standby Equity Distribution Agreement with Cornell Capital Partners. Under the agreement, we could have required Cornell Capital Partners to purchase up to $35.0 million of our common stock over a two year period following the effective date of a registration statement covering the shares of the common stock to be sold to Cornell Capital Partners. We completed a total of five draw downs under the Standby Equity Distribution Agreement selling a total of 3,050,435 shares of our common stock for gross proceeds of approximately $4.0 million. Net proceeds were approximately $3.8 million. No draw downs were made under this facility during the nine month period ended September 30, 2007.

In February 2004, we filed a shelf registration statement with the Securities and Exchange Commission to sell up to $50 million of common or preferred stock. Under this registration statement, shares could have been sold periodically to provide additional funds for our operations. In March 2004, we completed a sale of 3,075,000 shares of our common stock offered under the registration statement at a price of $5.00 per share, for gross proceeds of approximately $15.4 million. Net proceeds were approximately $14.4 million. In March 2006, we completed a sale of 3,076,924 shares of our common stock offered under the registration statement at a price of $3.25 per share, for gross proceeds of approximately $10.0 million. Net proceeds were approximately $9.3 million. This registration statement expired in February 2007.

8. Subsequent Events

On October 1, 2007, we granted to Dr. Marc Rubin, upon his joining the Company as President and Chief Executive Officer and pursuant to his agreement with the Company, 10-year options to purchase 1,500,000 shares of common stock at an exercise price of $2.40 per share. The options vest monthly over a four-year period, subject to a requirement of at least 12 months of employment for the vesting of any options. Notwithstanding the foregoing, all unvested options will automatically become vested and exercisable immediately prior to the occurrence of a change of control. The options will expire on the tenth anniversary of the date of the Option Agreement. The Company received no consideration for the issuance of the options. The shares were issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended, and the regulations promulgated thereunder, because the shares were issued to a sophisticated individual who is a director and officer of the Company in a private transaction.

On October 26, 2007, we completed a sale of 486,746 shares of our common stock under the Purchase Agreement with Azimuth (described in Note 7) at a price of approximately $2.05 per share, for gross proceeds of approximately $1.0 million. Net proceeds were approximately $965,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains certain forward-looking statements, within the meaning of the "safe harbor" provisions of the Private Securities Reform Act of 1995, the attainment of which involves various risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "believe," "estimate," "plan," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms. Our actual results may differ materially from those described in these forward-looking statements due to, among other factors, the results of research and development efforts, the results of pre-clinical and clinical testing, the effect of regulation by the United States Food and Drug Administration (FDA) and other agencies, the impact of competitive products, product development, commercialization and technological difficulties, the Company's ability to obtain additional financing, the effect of our accounting policies, and other risks detailed in our Securities and Exchange Commission filings.

Probuphine®, Spheramine®, ProNeura™ and CCM™ are trademarks of Titan Pharmaceuticals, Inc. This Form 10-Q also includes trade names and trademarks of companies other than Titan Pharmaceuticals, Inc.

References herein to "we," "us," "Titan," and "our company" refer to Titan Pharmaceuticals, Inc. and its subsidiaries unless the context otherwise requires.

Overview

We are a biopharmaceutical company developing proprietary therapeutics for the treatment of central nervous system (CNS) disorders, cardiovascular disease, bone disease and other disorders. Our product development programs focus primarily on large pharmaceutical markets with significant unmet medical needs and commercial potential. We are focused primarily on clinical development of the following products:

- Iloperidone: for the treatment of schizophrenia and related psychiatric disorders (partnered with Vanda Pharmaceuticals, Inc.)
- Probuphine: for the treatment of opioid dependence
- Spheramine: for the treatment of advanced Parkinson's disease (partnered with Bayer Schering Pharma AG)
- DITPA: for the treatment of cardiovascular disease
- Gallium maltolate: for the treatment of bone related diseases, chronic bacterial infections and cancer

We are both directly developing our product candidates and utilizing corporate partnerships, including collaborations with (i) Vanda Pharmaceuticals, Inc. (Vanda) for the development of iloperidone for the treatment of schizophrenia and related psychiatric disorders and (ii) Bayer Schering Pharma AG, (Bayer Schering) for the development of Spheramine to treat Parkinson's disease. In addition, in the past, we have utilized grants from government agencies to fund development of our product candidates.

Our product candidates are at various stages of development and may not be successfully developed or commercialized. We do not currently have any products being commercially sold. Our proposed products will require significant further capital expenditures, development, testing, and regulatory clearances prior to commercialization. We may experience unanticipated problems relating to product development and cannot predict whether we will successfully develop and commercialize any products. For a full discussion of risks and uncertainties of our product development, see "Risk Factors – Our products are at various stages of development and may not be successfully developed or commercialized" in our 2006 Annual Report on Form 10-K.

Results of Operations

Our net loss for the three month period ended September 30, 2007 was approximately $4.3 million, or $0.10 per share, compared to approximately $4.3 million, or $0.11 per share, for the comparable period in 2006. For the nine month period ended September 30, 2007, our loss was approximately $11.4 million, or $0.27 per share, compared to approximately $12.5 million, or $0.33 per share, for the comparable period in 2006.

We had no revenues from licensing agreements during the three month period ended September 30, 2007 and revenues from licensing agreements of approximately $12,000 during the nine month period ended September 30, 2007. We had revenues from licensing agreements of $1,000 and $3,000 during the comparable three and nine month periods of 2006, respectively.

Research and development expenses for the three month period ended September 30, 2007 were approximately $3.1 million, compared to approximately $3.3 million for the comparable period in 2006, a decrease of $0.2 million, or 6%. Research and development expenses for the nine month period ended September 30, 2007 were approximately $7.8 million, compared to approximately $9.3 million for the comparable period in 2006, a decrease of $1.5 million, or 16%. The decrease in research and development costs during the three and nine month periods ended September 30, 2007 was primarily associated with the conclusion of certain clinical study related activities and reductions in employee related costs and other internal expenditures. This was partially offset by an increase in costs associated with the continuation of planned clinical trials related to our Probuphine product. External research and development expenses include direct expenses such as clinical research organization charges, investigator and review board fees, patient expense reimbursements, pre-clinical activities and contract manufacturing expenses. In the third quarter 2007, our external research and development expenses relating to our core product development programs were approximately: $1.3 million related to Probuphine, $0.2 million related to DITPA, and $0.2 million related to gallium maltolate. Other research and development expenses include internal operating costs such as clinical research and development personnel-related expenses, clinical trials related travel expenses, and allocation of facility and corporate costs. As a result of the risks and uncertainties inherently associated with pharmaceutical research and development activities described elsewhere in this report, we are unable to estimate the specific timing and future costs of our clinical development programs or the timing of material cash inflows, if any, from our product candidates.

General and administrative expenses for the three month period ended September 30, 2007 were approximately $1.5 million, compared to approximately $1.3 million for the comparable period in 2006, an increase of $0.2 million, or 15%. General and administrative expenses for the nine month period ended September 30, 2007 were approximately $4.3 million, compared to approximately $3.7 million for the comparable period in 2006, an increase of $0.6 million, or 16%. The increase in general and administrative expenses during the three month period ended September 30, 2007 was primarily related to increases in non-cash stock compensation costs of approximately $0.1 million and other general and administrative costs of approximately $0.1 million. The increase in general and administrative expenses during the nine month period ended September 30, 2007 was primarily related to increases in non-cash stock compensation costs of approximately $0.3 million, legal fees of approximately $0.1 million and other general and administrative costs of approximately $0.2 million.

Net other income for the three month period ended September 30, 2007 was approximately $0.2 million, compared to net other income of approximately $0.2 million in the comparable period in 2006. Net other income for the nine month period ended September 30, 2007 was approximately $0.6 million, compared to net other income of approximately $0.5 million in the comparable period in 2006. The increase in net other income during the nine month period ended September 30, 2007, was primarily related to a gain of approximately $0.4 million resulting from the sale of our investment in Molecular Medicine BioServices, Inc. offset in part by the write-off of deferred offering expenses of $0.2 million associated with the termination of the Cornell Capital Standby Equity Distribution Agreement in March 2007 and a reduction in interest income of approximately $0.1 million resulting from lower cash balances.

Liquidity and Capital Resources

We have funded our operations since inception primarily through sales of our securities, as well as proceeds from warrant and option exercises, corporate licensing and collaborative agreements, and government sponsored research grants. At September 30, 2007, we had approximately $13.5 million of cash, cash equivalents, and marketable securities compared to approximately $13.7 million at December 31, 2006.

Our operating activities used approximately $10.9 million during the nine months ended September 30, 2007. This consisted primarily of the net loss for the period of approximately $11.4 million, approximately $0.4 million related to a gain recognized on the sale of our investment in Molecular Medicine BioServices, Inc. and $0.3 million related to changes in operating assets and liabilities. This was offset in part by non-cash charges of approximately $0.2 million related to depreciation and approximately $1.0 million related to share-based compensation expenses. Uses of cash in operating activities were primarily to fund product development programs and administrative expenses. We have entered into various agreements with research institutions, universities, and other entities for the performance of research and development activities and for the acquisition of licenses related to those activities. Certain of the licenses require us to pay royalties on future product sales, if any. In addition, in order to maintain license and other rights while products are under development, we must comply with customary licensee obligations, including the payment of patent related costs, annual minimum license fees, meeting project-funding milestones and diligent efforts in product development. The aggregate commitments we have under these agreements, including minimum license payments, for the next twelve months is approximately $0.2 million.

Net cash used by investing activities of approximately $8.2 million during the nine months ended September 30, 2007 consisted of purchases of marketable securities of approximately $48.9 million and purchases of furniture and equipment of approximately $0.2 million. This was partially offset by sales and maturities of marketable securities of approximately $40.3 million and proceeds from the sale of our investment in Molecular Medicine BioServices, Inc. of approximately $0.5 million.

Net cash provided by financing activities during the nine months ended September 30, 2007 was approximately $10.3 million, which consisted primarily of net proceeds of approximately $10.2 million from the sale of common stock under our existing shelf registration statement (described below), and net proceeds of approximately $0.1 million from the exercise of stock options.

In February 2007, we filed a shelf registration statement with the Securities and Exchange Commission to sell up to $50 million of common or preferred stock. Under this registration statement, shares may be sold periodically to provide additional funds for our operations. In April 2007, we entered into a stock purchase agreement with certain individual and institutional investors for the purchase and sale of 5,445,546 shares of our common stock under the shelf registration statement at a price of $2.02 per share. In May 2007, we completed the sale of such shares for gross proceeds of $11.0 million. Net proceeds were approximately $10.2 million.

On March 14, 2007, we entered into a Common Stock Purchase Agreement (the "Purchase Agreement"), with Azimuth Opportunity Ltd. ("Azimuth") which provides that, upon the terms and subject to the conditions set forth therein, Azimuth is committed to purchase up to the lesser of (a) $25.0 million of our common stock, or (b) 7,805,887 shares of our common stock over the 24 month term of the Purchase Agreement. Over the term of the Purchase Agreement, at our sole discretion, we may present Azimuth with draw down notices requiring Azimuth to purchase a specified dollar amount of shares of our common stock, subject to certain limits and so long as specified conditions are met. The price per share at which the shares will be sold, and therefore the number of shares to be sold pursuant to the draw down notice, is determined over a pricing period of up to ten consecutive trading days. The per share purchase price for the shares sold on any particular trading day during the pricing period will equal the daily volume weighted average price of our common stock for that day, less a discount ranging from 4.5% to 7.0% depending on the threshold price specified by us (which in no event may be less than $1.50 per share). We are able to present Azimuth with up to 30 draw down notices during the 24 month term of the Purchase Agreement, with a minimum of five trading days required between each draw down pricing period. The Purchase Agreement also provides that from time to time and at our sole discretion we may grant Azimuth the right to exercise one or more options to purchase additional shares of our common stock up to an aggregate amount specified by us during each draw down pricing period. The threshold price for the option is determined by us and is subject to a discount calculated in the same manner as for the draw down notices. Any sale of the shares will be registered pursuant to the February 2007 shelf registration statement. No draw downs were made under this facility during the three and nine month periods ended September 30, 2007. On October 26, 2007, we completed a sale of 486,746 shares of our common stock under the Purchase Agreement with Azimuth at a price of approximately $2.05 per share, for gross proceeds of approximately $1.0 million. Net proceeds were approximately $965,000.

In March 2007, we terminated the Standby Equity Distribution Agreement with Cornell Capital Partners. Under the agreement, we could have required Cornell Capital Partners to purchase up to $35.0 million of our common stock over a two year period following the effective date of a registration statement covering the shares of the common stock to be sold to Cornell Capital Partners. We completed a total of five draw downs under the Standby Equity Distribution Agreement selling a total of 3,050,435 shares of our common stock for gross proceeds of approximately $4.0 million. Net proceeds were approximately $3.8 million. No draw downs were made under this facility during the nine month period ended September 30, 2007.

In February 2004, we filed a shelf registration statement with the Securities and Exchange Commission to sell up to $50 million of common or preferred stock. Under this registration statement, shares could have been sold periodically to provide additional funds for our operations. In March 2004, we completed a sale of 3,075,000 shares of our common stock offered under the registration statement at a price of $5.00 per share, for gross proceeds of approximately $15.4 million. Net proceeds were approximately $14.4 million. In March 2006, we completed a sale of 3,076,924 shares of our common stock offered under the registration statement at a price of $3.25 per share, for gross proceeds of approximately $10.0 million. Net proceeds were approximately $9.3 million. This registration statement expired in February 2007.

We expect to continue to incur substantial additional operating losses from costs related to continuation and expansion of product and technology development, clinical trials, and administrative activities. We believe that our working capital at September 30, 2007, together with the proceeds from the sale of our common stock and funds available under the Common Stock Purchase Agreement, are sufficient to sustain our planned operations through the first half of 2008.

We will need to seek additional financing sources to fund our product development activities, and will be required to obtain substantial funding to commercialize any products other than iloperidone or Spheramine that we may successfully develop. If we are unable to complete a debt or equity offering, or otherwise obtain sufficient financing when and if needed, we may be required to reduce, defer or discontinue one or more of our product development programs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risk disclosures set forth in our Annual Report on Form 10-K for the year ended December 31, 2006 have not changed materially.

Item 4. Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2007. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2007 our disclosure controls and procedures were effective at the reasonable assurance level in ensuring that material information relating to us is made known to the Chief Executive Officer and Chief Financial Officer by others within our company during the period in which this report was being prepared.

There were no changes in our internal controls or in other factors during the most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 4T. Controls and Procedures

Not applicable.

PART II

Item 1. Legal Proceedings

On July 30, 2007, we received notification that on July 3, 2007 a complaint was filed in the United States District Court in and for the Middle District of Florida against, among others, Berlex, Inc., Schering AG, the Regents of the University of California and us. The complaint alleges that a patient in the Spheramine Phase IIb clinical trial suffered certain physical effects and that she and her husband suffered emotional distress as a result of her participation in the trial. The complaint alleged breach of contract, product liability and fraud and deceit claims. The plaintiffs were seeking $5.2 million in damages, as well as punitive damages, costs and attorney's fees.

On or about September 18, 2007, the plaintiff voluntarily dismissed the complaint in United States District Court in and for the Middle District of Florida and filed a substantially similar action in the Superior Court of the State of California, Alameda County.

The Company maintains product liability insurance in the amount of $5 million per incidence. We disagree with these claims, and will pursue resolution of this matter.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 4. Submission of Matters to a Vote of Securities Holders

On or about August 22, 2007, we distributed our Definitive Proxy Statement and Annual Report to Stockholders to each stockholder of record as of July 24, 2007, for our Annual Meeting of Stockholders held on September 6, 2007 at 9:00 a.m. local time (the "Annual Meeting"). At the Annual Meeting, the stockholders were asked to consider two proposals.

The first proposal involved the election of directors. The existing Board of Directors (the "Board") nominated nine nominees recommended by the Nominating Committee of the Board, all of whom were then serving as our directors. The nominees of the Board were all re-elected and the voting results with respect thereto were:

Name	Votes For	Votes Withheld
Louis R. Bucalo, M.D.	34,117,691	4,327,241
Victor J. Bauer, Ph.D.	34,145,991	4,298,941
Sunil Bhonsle	34,165,513	4,279,419
Eurelio M. Cavalier	34,104,787	4,340,145
Hubert E. Huckel, M.D.	34,173,739	4,271,193
Joachim Friedrich Kapp, M.D., Ph.D.	34,170,091	4,274,841
M. David MacFarlane, Ph.D.	34,177,059	4,267,873
Ley S. Smith	34,200,094	4,244,838
Konrad M. Weis, Ph.D.	34,147,789	4,297,143

The second proposal was to ratify the appointment of Odenberg, Ullakko, Muranishi & Co. LLP as the independent auditors of the Company for the fiscal year ending December 31, 2007. The results were:

For:	34,741,562
Against:	3,683,563
Abstain:	19,807

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Item 6. Exhibits

Exhibits

10.1	Employment agreement with Marc Rubin, M.D. dated August 10, 2007.
10.2	Employment agreement with Louis R. Bucalo, M.D. dated September 17, 2007.
31.1	Rule 13a-14(a) Certification of Chairman, President and Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Executive Vice President and Chief Financial Officer.
32	Certifications pursuant to 18 U.S.C Section 1350.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TITAN PHARMACEUTICALS, INC.

November 8, 2007

By: /s/ Marc Rubin
Marc Rubin, M.D.
President and Chief Executive Officer

November 8, 2007

By: /s/ Robert E. Farrell
Robert E. Farrell, J.D.
Executive Vice President and Chief Financial Officer

Exhibit 10.1

Titan Pharmaceuticals, Inc.

July 31, 2007

Marc Rubin, MD

Dear Marc:

I am pleased to offer you the position of President and Chief Executive Officer at Titan Pharmaceuticals, Inc. (the "Company"). In this position, you will be the senior officer of the Company and you will report to the Board of Directors of the Company. The Chairman of the Board will also report to the Board of Directors, and all other officers of the Company will report directly to you (or your designee). You will be responsible for directing the Company toward achievement of strategic objectives established by you and the Board of Directors of the Company. In addition, you will be appointed as a member of the Board of Directors. As the Chief Executive of the Company, you will oversee all corporate functional areas, as well as represent the Company to other groups, companies, and the Company's shareholders. This letter will confirm the terms of your employment with Titan, such employment to begin on an agreed upon date not later than October 1, 2007. If the terms discussed below are acceptable, please sign this letter where indicated and return it to Titan retaining a copy for your records.

1. Compensation

   (a) Salary. You will be paid a monthly salary of $34,583.33 less applicable withholdings ($415,000.00 annually) with a discretionary performance bonus for each calendar year of 0-50% based upon individual and company performance. Such performance shall be based on, among other things, the Board of Director's evaluation in its discretion of whether certain annual performance goals for the year at issue (the "Annual Performance Goals") have been satisfied. The Annual Performance Goals for each calendar year shall be drafted by you, in consultation with other members of senior management, and shall be approved by the Board of Directors, as they may be modified by the Board of Directors in consultation with you and at its discretion. The Annual Performance Goals for a given year shall be approved by the Board of Directors by no later than January 31 of such year, provided you have delivered such Annual Performance Goals to the Board of Directors for their approval reasonably in advance of such date. The discretionary performance bonus, if

any, for a given calendar year shall be paid on or before March 15 of the following calendar year. All reasonable business expenses will be reimbursed so long as they are incurred in the ordinary course of business. You will be entitled to annual increases in your salary in accordance with Company policies at such time, in addition to an automatic cost of living increase based upon the rate of increase of the consumer price index. If any profit sharing plan is implemented for employees, you will be appropriately included in such plan.

(b) Stock Options. You will receive stock options to acquire 1,500,000 shares of Titan's Common Stock (the "Options"), which Options will be governed by the terms and conditions of the Company's 2002 Stock Option Plan, as amended (the "Plan"). The Options will vest monthly, commencing on your first date of employment, over a four (4) year period at a rate of 25% per year, subject to a requirement of at least 12 months of employment for vesting of any Options, and subject to accelerated vesting as hereinafter provided under paragraphs 1(b)(i) and (ii) below. The exercise price of the Options will be determined per the Plan as of the Grant Date, which shall be the first date of employment.

(i) Notwithstanding the foregoing, if, during the first twelve (12) months of your employment with the Company, such employment is terminated by the Company without Cause (as defined below) or by you for Good Reason (as defined below), 25% of the Options will become vested and exercisable as of the date of such termination of employment.

(ii) Notwithstanding the foregoing, all unvested Options automatically will become vested and exercisable immediately prior to the occurrence of a Change of Control. For the purposes of this letter, a "Change of Control" shall be deemed to occur (i) upon a sale or transfer of substantially all of the assets of the Company; (ii) upon the acquisition by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; or (iii) upon a merger or consolidation of the Company or any of its subsidiaries with any other corporation, which results in the stockholders of the Company prior thereto continuing to represent less than 50 percent of the combined voting power of the voting securities of the Company or the surviving entity after the merger.

(c) Health Benefits. Health insurance coverage for you and your family will be provided under the Company's group health plan. You will be entitled to all health and medical benefits as are provided to other employees. In addition, you will be entitled to participate in the Company's 401(k) plan and all other sponsored employee benefit plans as they are adopted by Titan.

(d) Vacation, Holidays and Sick Leave. You will receive six (6) weeks of paid vacation per year. Sick leave and holidays will be provided in accordance with the Company's established policies.

Attached is a summary of the employee benefits for your reference.

2. Commuting. You and the Company acknowledge that you currently reside in Englewood, New Jersey and the Company is currently headquartered in San Francisco, California. During the first year of your employment, the Company shall give due consideration to, and support in principle for, relocating the Company's headquarters to New Jersey. Until the one year anniversary of your first date of employment with the Company, or until such earlier time as the Company may relocate to New Jersey, you agree to work out of the Company's headquarters in San Francisco for at least five (5) consecutive full business days per month, not including time commuting to the San Francisco headquarters. The Company agrees to reimburse you for all reasonable expenses you incur in connection with your having to so travel to and work out of the Company's San Francisco headquarters, including, without limitation, your travel and San Francisco area lodging expenses. If the Company or any taxing authority determines that you owe penalties, interest and/or taxes on account of being reimbursed for expenses under this paragraph, the Company shall make, in addition to payment for the actual costs for such expenses, a "gross-up" payment, which shall be the amount required to cause the net amount retained by you after your payment of all such penalties, interest and/or taxes, including taxes on the "gross-up" payment, to equal the net amount for which you would have been reimbursed for such expenses had no such penalties, interest and/or taxes been imposed and no such "gross-up" payment been made.

3. Termination.

(a) "At-Will" Employment. You or the Company may terminate the employment relationship at any time, for any reason, with or without Cause.

(b) Severance. If your employment with the Company is terminated by the Company without Cause, by you for Good Reason or due to your death or Disability (as defined below), the Company will continue to pay your monthly salary on a regular bi-monthly basis, for twelve (12) months from the date of termination if such termination is within the initial 5 years of your employment, or for twenty-four (24) months if such termination is after the first 5 years of your employment. Such payments shall be subject to offset by compensation paid to you, during such salary continuation period, for your services as an employee or independent contractor, of which compensation you agree to promptly notify the Company. Payments made under this paragraph shall be subject to all applicable withholdings. Notwithstanding the foregoing, to the

extent that severance payments provided pursuant to this paragraph come within the definition of "nonqualified deferred compensation" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder (collectively, "Section 409A"), and only to the extent necessary to comply with Section 409A, the payment of such severance payments shall be delayed and made to you no earlier than the earlier of (i) the last day of the 6th complete calendar month following termination of your employment with the Company or (ii) the date of your death, except, as permitted by Section 409A, that the payment of such severance payments shall not be so delayed from when they would otherwise be paid to the extent that (x) they otherwise would be paid on or before March 15 of the calendar year following the calendar year in which your employment is terminated or (y) such amounts constitute "involuntary severance" under Section 409A and are less than or equal to the lesser of (A) 200% of your annual compensation for the calendar year preceding the calendar year of your termination of employment or (B) 200% of the limitation amount under Section 401(a)(17) of the Code on tax-qualified retirement plan compensation in effect for the calendar year of your termination of employment. Any payment delayed by reason of the prior sentence shall be paid out in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(c) Cause. For purposes of this letter, "Cause" means (i) any willful misconduct by you in the performance of your duties; (ii) gross negligence in the performance, or negligent or intentional substantial non-performance, by you of your duties; (iii) your conviction by a competent court of law of or having plead guilty or no contest to any felony or misdemeanor (other than minor traffic violations or offences of a comparable magnitude not involving dishonesty, fraud, or breach of trust); (iv) your breach of your duty of loyalty to the Company; or (v) a material breach by you of the terms this letter, provided that, prior to any termination of your employment for Cause, you shall be entitled to appear with counsel before the Board of Directors of the Company, and further provided that, in the case of item (ii) involving negligence and item (v), the Company shall provide written notice to you of the grounds on which Cause is asserted and a thirty (30) day opportunity to cure, if curable, following delivery of such notice. For purposes hereof, an action will be considered "willful" only if it is done intentionally, purposely and knowingly, distinguished from an act done carelessly, thoughtlessly or inadvertently. Additionally, the Company shall not consider your conduct within the scope of your duties and undertaken in good faith as falling within the scope of clauses (ii) or (v) above. For the purpose of this letter, your date of termination in the event your employment is terminated for Cause shall be the date on which your are given notice of termination as provided for in this section, or any later date as may be set forth in such notice of termination. However, notwithstanding the preceding sentence, in the event you are provided with notice of the grounds on which Cause is asserted and an opportunity to cure such grounds as provided for in this section, and you fail to cure such grounds within the cure period, your date of termination for such Cause shall be the expiration of such cure period.

(d) Disability. For purposes of this letter, "Disability" shall mean a mental or physical condition that renders you incapable of diligently performing all of your essential duties and obligations to the Company for any period of three (3) consecutive months or four (4) months in any twelve (12) month period.

(e) Good Reason. You may resign your employment hereunder for Good Reason, at any time, provided that (i) you provide the Company with at least thirty (30) days' (but not greater than one hundred twenty (120) days) prior written notice thereof within thirty (30) days of the occurrence of the event giving rise to Good Reason, and (ii) you provide the Company with a thirty (30) day opportunity to cure the event giving rise to Good Reason following the delivery of such notice (the "Cure Period"). For the purpose of this letter, the term "Good Reason" means (i) a material and substantial diminution your duties, authority, or responsibilities that would be inconsistent with your position, (ii) a material failure by the Company to pay your base salary as provided for herein; or (iii) any other material breach by the Company of the terms this letter or of the Indemnification Agreement between you and the Company referred to in paragraph 5 below, provided, in each case, that such event is not cured during the Cure Period. For the avoidance of any doubt, if you do not provide the Company with timely notice as provided for in this paragraph with respect to an event purporting to give rise to Good Reason, you shall have waived your right to terminate your employment hereunder for Good Reason with respect to such event. For the purpose of this letter, your date of termination in the event you resign your employment for Good Reason shall be the expiration date of the Cure Period, provided the Company has failed to materially cure the event giving rise to Good Reason.

4. Non-Compete and Outside Activities. You agree that, while serving as an employee of the Company, you will not engage in any activity, which is competitive with the Company and you will give your sole and only loyalty to the Company. It is understood that buying and selling of securities of any public company does not constitute a violation of this agreement. Any consulting agreement that may be executed between you and your former employer must be in accordance with this Item 4.

5. Indemnification. The Company shall indemnify, and advance expenses to, you pursuant to the terms and conditions of its standard Indemnification Agreement (a copy of which is enclosed), subject to your execution and delivery to the Company of such Indemnification Agreement.

6. Proprietary Information and Inventions Agreement. Your acceptance of this offer is contingent upon the execution of the Company's Proprietary Information and Inventions Agreements, copies of which are enclosed for your review and execution.

7. Arbitration. Any controversy between the parties hereto involving the construction or application of any terms, covenants or conditions of this letter, or any claims arising out of or relating to this letter or the breach thereof or with your employment with the Company or any termination of that employment, except with respect to prejudgment remedies, will be submitted to and settled by final and binding arbitration in San Francisco, California, in accordance with the Model Employment Dispute Resolution Rules of the American Arbitration Association (the "Rules") then in effect, any arbitrator shall be selected pursuant to such Rules and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

8. Attorneys Fees. Within 30 days of your execution and delivery to the Company of this letter, the Company shall either directly pay or reimburse you for all reasonable legal fees and expenses which you have incurred in your analysis and negotiation of this letter agreement up to a maximum amount of $10,000, provided you have previously provided to the Company documents evidencing such fees and expenses.

9. Code Section 409A. Unless otherwise expressly provided, any payment of compensation by the Company to you, whether pursuant to this letter or otherwise, shall be made on or before March 15 of the calendar year following the calendar year in which your right to such payment vests (*i.e.*, is not subject to a "substantial risk of forfeiture" as defined by Section 409A). All payments of "nonqualified deferred compensation" (within the meaning of Section 409A) by the Company to you are intended to comply with the requirements of Section 409A, and shall be interpreted consistent therewith. Neither the Company nor you, individually or in combination, may accelerate any such deferred payment, except in compliance with Section 409A, and no amount shall be paid prior to the earliest date on which it is permitted to be paid under Section 409A. Notwithstanding anything herein to the contrary, no amendment may be made to this letter if it would cause this letter or any payment hereunder to not be in compliance with the requirements of Section 409A.

To accept this offer, please sign in the space below, indicating your acceptance and agreement to the terms contained herein. No amendment or modification of the terms of this letter will be valid unless made in writing and signed by you and an authorized officer of the Company.

On a personal note, I have very much enjoyed our interactions to date, and look forward to working with you.

Sincerely,

/s/ Louis R. Bucalo
Louis R. Bucalo, M.D.
Chairman, President and CEO

Accepted by:

/s/ Marc Rubin
Name: Marc Rubin, MD

10 Aug. 2007
Date:

Exhibit 10.2

Titan Pharmaceuticals, Inc.

September 17, 2007

Louis R. Bucalo, MD

Dear Lou:

The Board of Directors of Titan Pharmaceuticals, Inc. (the "Company") is pleased to confirm the terms of the modification of your employment with the Company, in which you will serve as Executive Chairman of the Company's Board of Directors. Such change in your role is referred to herein as the "Transition." If the terms discussed below are acceptable, please sign this letter (the "Agreement") where indicated and return it to the Company by September 20, 2007, retaining a copy for your records.

1. Effective Date. The effective date of the Transition and this Agreement will be the date on which the incoming President and Chief Executive Officer commences his employment with the Company in accordance with the terms of his offer letter dated July 31, 2007 (the "Effective Date").

2. Role. As of the Effective Date, you shall continue your employment with the Company solely in the position of Executive Chairman of the Company's Board of Directors. As Executive Chairman of the Board, you will work with the Company's incoming President and Chief Executive Officer and assist the Company in identifying business opportunities, establishing corporate strategies and interacting with members of the financial community. You will serve as liaison with the Company's Chief Executive Officer and, consistent therewith, you agree to participate in regular meetings and teleconferences with the Company's Chief Executive Officer as necessary to effectuate your role, but in no event to occur less than once a month. You will report directly to the Board of Directors.

3. Compensation

   (a) Salary. During the two year (24 month) period following the Effective Date, you will be paid a monthly salary of $31,250.00 less applicable withholdings ($375,000.00 annually). During the third year of this Agreement and thereafter, you will be paid a monthly salary of $15,625.00 less applicable withholdings ($187,500.00 annually). All reasonable business expenses will be reimbursed so long as they are incurred in the ordinary course of business.

(b) Bonus. You will be eligible for a bonus, the payment and amount of which shall be at the discretion of the Company's Board of Directors, upon the occurrence of each of the following events: (i) FDA approval of Iloperidone; (ii) positive Phase IIb results for Sphermaine; and (iii) positive Phase III results for Probuphine. Each such bonus shall be paid to you at the time and regular schedule in which annual bonuses are paid by the Company for each calendar year, unless otherwise agreed by you and the Company.

(c) Stock Options. On the first date following the Effective Date on which the Company makes its annual grants of stock options to its executive officers, you will receive stock options to acquire 150,000 shares of the Company's Common Stock (the "Options"), which Options will be granted pursuant to and governed by the terms and conditions of the Company's 2002 Stock Option Plan, as amended (the "Plan"), and will contain customary terms and conditions. The exercise price of the Options will be determined per the Plan as of the grant date. Thereafter, you shall be eligible to receive additional annual grants of options under the Plan in amounts that are in accordance with the Company's past practices with respect to you. Notwithstanding the foregoing, all unvested Options automatically will become vested and exercisable immediately prior to the occurrence of a Change of Control. For the purposes of this Agreement, a "Change of Control" shall be deemed to occur (i) upon a sale or transfer of substantially all of the assets of the Company; (ii) upon the acquisition by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; or (iii) upon a merger or consolidation of the Company or any of its subsidiaries with any other corporation, which results in the stockholders of the Company prior thereto continuing to represent less than 50 percent of the combined voting power of the voting securities of the Company or the surviving entity after the merger; provided, however, than en event described in (i), (ii) or (iii) above shall not be treated as a Change of Control, unless such event is also a change in the ownership of the Company (within the meaning of Treasury Regulation Section 409A-3(i)(5)(v)), a change in the effective control of the Company (within the meaning of Treasury Regulation Section 409A-3(i)(5)(vi) or a change in the ownership of a substantial portion of the Company's assets (within the meaning of Treasury Regulation Section 409A-3(i)(5)(vii)).

(d) Benefits. During your Employment, you will be eligible to continue to participate in the Company's group health plan, 401(k) plan and all other Company sponsored employee benefit plans then offered to the Company's senior executives and, if any, other health benefits comparable to those to which you are currently entitled pursuant to the Former Agreement (as defined in Section 8 hereof).

(e) Vacation. Within 30 days' after the Effective Date, the Company will pay you, less applicable withholdings and deductions, for your accrued but unused vacation time as of the Effective Date in accordance with Company policy. As of the date hereof, you have 568.06 hours of accrued but unused vacation time, the payment for which would be $106,811.67. In recognition of the flexible schedule associated with your position as Executive Chairman, you acknowledge and agree that such position does not include a vacation benefit.

4. Termination.

(a) "At-Will" Retention. You or the Company may terminate your employment hereunder at any time, for any reason, with or without Cause, by giving 30 day's written notice to the other party.

(b) Severance. If your employment is terminated (i) by the Company without Cause or by you for Good Reason, the Company will continue to pay your monthly salary on a regular bi-monthly basis at the applicable rate or rates set forth in Section 3(a) for a 24-month period beginning on the date of termination of employment, the Options will vest in full upon such termination of employment and your other options will continue to vest pursuant to their existing vesting schedule during the balance of such 24-month period or (ii) due to your death or Disability, the Company will pay to you or your estate your monthly salary on a regular bi-monthly basis for 12 months, provided that any payments pursuant to clause (ii) shall be offset against other payments to which you may be entitled under the Company's policies in effect at such time. Payments made under this section shall be subject to all applicable withholdings. Notwithstanding the foregoing, to the extent that severance payments provided pursuant to this section come within the definition of "nonqualified deferred compensation" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder (collectively, "Section 409A"), and only to the extent necessary to comply with Section 409A, the payment of such severance payments shall be delayed and made to you no earlier than the earlier of (i) the last day of the 6th complete calendar month following termination of your employment with the Company or (ii) the date of your death, except, as permitted by Section 409A, that the payment of such severance payments shall not be so delayed from when they would otherwise be paid to the extent that (x) they otherwise would be paid on or before March 15 of the calendar year following the calendar year in which your employment is terminated or (y) such amounts constitute "involuntary severance" under Section 409A and are less than or equal to the lesser of (A) 200% of your annual

compensation for the calendar year preceding the calendar year of your termination of employment or (B) 200% of the limitation amount under Section 401(a)(17) of the Code on tax-qualified retirement plan compensation in effect for the calendar year of your termination of employment. Any payment delayed by reason of the prior sentence shall be paid out in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(c) Cause. For purposes of this Agreement, "Cause" means (i) any willful misconduct by you in the performance of your duties; (ii) gross negligence in the performance, or negligent or intentional substantial non-performance, by you of your duties; (iii) your conviction by a competent court of law of or having plead guilty or no contest to any felony or misdemeanor (other than minor traffic violations or offences of a comparable magnitude not involving dishonesty, fraud, or breach of trust); (iv) your breach of your duty of loyalty to the Company; or (v) a material breach by you of the terms this Agreement; provided that, prior to any termination of this Agreement for Cause, you shall be entitled to appear with counsel before the Board of Directors of the Company, and further provided that, in the case of items (ii), (iv) and (v), the Company shall provide written notice to you of the grounds on which Cause is asserted and a thirty (30) day opportunity to cure, if curable, following delivery of such notice. For purposes hereof, an action will be considered "willful" only if it is done intentionally, purposely and knowingly, distinguished from an act done carelessly, thoughtlessly or inadvertently. Additionally, the Company shall not consider your conduct within the scope of your duties and undertaken in good faith as falling within the scope of clauses (ii) or (v) above. For the purpose of this Agreement, your date of termination in the event your role is terminated for Cause shall be the date on which your are given notice of termination as provided for in this section, or any later date as may be set forth in such notice of termination. However, notwithstanding the preceding sentence, in the event you are provided with notice of the grounds on which Cause is asserted and an opportunity to cure such grounds as provided for in this section, and you fail to cure such grounds within the cure period, your date of termination for such Cause shall be the expiration of such cure period.

(d) Disability. For purposes of this Agreement, "Disability" shall mean a mental or physical condition that renders you incapable of diligently performing all of your essential duties and obligations to the Company for any period of three (3) consecutive months or four (4) months in any twelve (12) month period.

(e) Good Reason. You may terminate your employment hereunder for Good Reason, at any time, provided that (i) you provide the Company with at least thirty (30) days' (but not greater than one hundred twenty (120) days) prior

written notice thereof within sixty (60) days of the occurrence of the event giving rise to Good Reason, and (ii) you provide the Company with a thirty (30) day opportunity to cure the event giving rise to Good Reason following the delivery of such notice (the "Cure Period"). For the purpose of this Agreement, the term "Good Reason" means (i) a material and substantial diminution your duties, authority, or responsibilities that would be inconsistent with your position, (ii) a material failure by the Company to pay your salary as provided for herein; or (iii) any other material breach by the Company of the terms this Agreement or the Indemnification Agreement between you and the Company, provided, in each case, that such event is not cured during the Cure Period. For the avoidance of any doubt, if you do not provide the Company with timely notice as provided for in this section with respect to an event purporting to give rise to Good Reason, you shall have waived your right to terminate your employment hereunder for Good Reason with respect to such event. For the purpose of this Agreement, your date of termination in the event you resign your employment for Good Reason shall be the expiration date of the Cure Period, provided the Company has failed to materially cure the event giving rise to Good Reason.

5. Non-Compete and Outside Activities. You agree that, while serving as Executive Chairman of the Board of the Company, you will not engage in any activity that is competitive with the Company. Also while serving as Executive Chairman pursuant to this Agreement, approval of the Company's Board of Directors shall be required prior to your acceptance of any employment, consulting or advisory relationship with any for-profit enterprise within the biotechnology/pharmaceutical industry and notice to the Company's Board shall be required with respect to your acceptance of any role as a biotechnology/pharmaceutical industry advisor to an investment bank, fund or private equity firm. It is understood that buying and selling of securities of any public company does not constitute a violation of this Agreement.

6. Attorneys Fees. Within 30 days of your execution and delivery to the Company of this Agreement, the Company shall either directly pay or reimburse you for all reasonable legal fees and expenses which you have incurred in your analysis and negotiation of this Agreement up to a maximum amount of $12,500, provided you have previously provided to the Company documents evidencing such fees and expenses.

7. Code Section 409A. Unless otherwise expressly provided, any payment of compensation by the Company to you, whether pursuant to this Agreement or otherwise, shall be made on or before March 15 of the calendar year following the calendar year in which your right to such payment vests (*i.e.*, is not subject to a "substantial risk of forfeiture" as defined by Section 409A). All payments of "nonqualified deferred compensation" (within the meaning of Section 409A) by the

Company to you are intended to comply with the requirements of Section 409A, and shall be interpreted consistent therewith. Neither the Company nor you, individually or in combination, may accelerate any such deferred payment, except in compliance with Section 409A, and no amount shall be paid prior to the earliest date on which it is permitted to be paid under Section 409A. Notwithstanding anything herein to the contrary, no amendment may be made to this Agreement if it would cause this Agreement or any payment hereunder to not be in compliance with the requirements of Section 409A. The Company agrees to make you whole, on an after tax basis (federal, state and local), for any and all penalties and interest to which you may become subject pursuant to Section 409A as a result of any compensation paid or to be paid by the Company to you pursuant to this Agreement.

8. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the subject matter hereof. As of the Effective Date, this Agreement supersedes the Employment Agreement dated February 1, 1993, as amended to date, between you and the Company (the "Former Agreement"). The Company and Executive each acknowledge and agree that they are not relying on, and they may not rely, on any oral or written representation of any kind that is not set forth in writing in this Agreement. Notwithstanding the foregoing, the Proprietary Information and Inventions Agreement and the Indemnification Agreement between you and the Company shall remain in full force and effect.

To accept this offer, please sign in the space below, indicating your acceptance and agreement to the terms contained herein. No amendment or modification of the terms of this Agreement will be valid unless made in writing and signed by you and an authorized officer of the Company.

Sincerely,

/s/ Eurelio Cavaleir
Eurelio Cavalier, Chairman of the Compensation Committee

Accepted by:

/s/ Louis R. Bucalo
Louis R. Bucalo, MD

9/17/07
Date:

Exhibit 31.1

CERTIFICATIONS PURSUANT TO RULE 13a-14(A) OF THE EXCHANGE ACT

I, Marc Rubin, President and Chief Executive Officer of Titan Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Titan Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2007

/s/ Marc Rubin

Marc Rubin, M.D.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS PURSUANT TO RULE 13a-14(A) OF THE EXCHANGE ACT

I, Robert E. Farrell, J.D., Executive Vice President and Chief Financial Officer of Titan Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Titan Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2007

/s/ Robert E. Farrell
Robert E. Farrell, J.D.
Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Titan Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Rubin, M.D., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the period certified.

Signed at the City of South San Francisco, in the State of California, this 8th day of November, 2007.

/s/ Marc Rubin
Marc Rubin, M.D.

In connection with the Quarterly Report of Titan Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert E. Farrell, J.D., Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the period certified.

Signed at the City of South San Francisco, in the State of California, this 8th day of November, 2007.

/s/ Robert E. Farrell
Robert E. Farrell, J.D.