

**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 June 30, 2010.

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 000-27436

Titan Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

94-3171940
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).* Yes No *The registrant has not yet been phased into the interactive data requirements.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 59,247,742 shares of the Registrant's Common Stock issued and outstanding on August 11, 2010.

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Titan Pharmaceuticals, Inc.

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

	<u>June 30,</u> <u>2010</u> (unaudited)	<u>December 31,</u> <u>2009</u> (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,452	\$ 3,300
Accounts receivable	381	66
Prepaid expenses and other current assets	<u>179</u>	<u>250</u>
Total current assets	2,012	3,616
Property and equipment, net	<u>74</u>	<u>110</u>
Total assets	<u>\$ 2,086</u>	<u>\$ 3,726</u>
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$ 625	\$ 335
Accrued clinical trials expenses	380	123
Other accrued liabilities	302	564
Current portion of long-term debt	<u>1,085</u>	<u>525</u>
Total current liabilities	<u>2,392</u>	<u>1,547</u>
Long-term debt, net of discount	<u>1,841</u>	<u>2,386</u>
Total liabilities	<u>4,233</u>	<u>3,933</u>
Commitments and contingencies		
Stockholders' deficit		
Common stock, at amounts paid-in	256,436	256,436
Additional paid-in capital	15,238	15,027
Accumulated deficit	<u>(275,062)</u>	<u>(272,911)</u>
Total Titan Pharmaceuticals, Inc.'s stockholders' deficit	(3,388)	(1,448)
Non-controlling interest	<u>1,241</u>	<u>1,241</u>
Total stockholders' deficit	<u>(2,147)</u>	<u>(207)</u>
Total liabilities and stockholders' deficit	<u>\$ 2,086</u>	<u>\$ 3,726</u>

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)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue				
Grant revenue	\$ 1,287	\$ —	\$ 2,048	\$ —
Royalty revenue	55	—	1,708	—
License revenue	—	29	11	52
Total revenue	<u>1,342</u>	<u>29</u>	<u>3,767</u>	<u>52</u>
Operating expenses:				
Research and development	2,056	376	3,726	1,032
General and administrative	<u>1,012</u>	<u>1,393</u>	<u>1,947</u>	<u>1,847</u>
Total operating expenses	<u>3,068</u>	<u>1,769</u>	<u>5,673</u>	<u>2,879</u>
Loss from operations	(1,726)	(1,740)	(1,906)	(2,827)
Other income:				
Interest income (expense), net	(120)	—	(240)	2
Other income (expense)	<u>—</u>	<u>5</u>	<u>(5)</u>	<u>—</u>
Other income (expense), net	<u>(120)</u>	<u>5</u>	<u>(245)</u>	<u>2</u>
Net loss	<u>\$ (1,846)</u>	<u>\$ (1,735)</u>	<u>\$ (2,151)</u>	<u>\$ (2,825)</u>
Basic and diluted net loss per share	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>59,248</u>	<u>58,288</u>	<u>59,248</u>	<u>58,288</u>

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30	
	2010	2009
Cash flows from operating activities:		
Net loss	\$(2,151)	\$(2,825)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	49	98
Amortization of loan discount	15	—
Loss on disposal of assets	—	3
Gain on sale of investments	—	(9)
Stock-based compensation	211	947
Changes in operating assets and liabilities:		
Accounts receivable	(315)	104
Prepaid expenses and other assets	71	406
Accounts payable and other accrued liabilities	285	(1,952)
Net cash used in operating activities	<u>(1,835)</u>	<u>(3,228)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(13)	(10)
Disposals of furniture and equipment	—	2
Proceeds from maturities of marketable securities	—	9
Net cash provided by (used in) investing activities	<u>(13)</u>	<u>1</u>
Cash flows from financing activities:		
Issuance of common stock, net	—	—
Net cash provided by (used in) financing activities	<u>—</u>	<u>—</u>
Net decrease in cash and cash equivalents	(1,848)	(3,227)
Cash and cash equivalents at beginning of period	<u>3,300</u>	<u>4,672</u>
Cash and cash equivalents at end of period	<u>\$ 1,452</u>	<u>\$ 1,445</u>

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

We are a biopharmaceutical company developing proprietary therapeutics primarily for the treatment of central nervous system (“CNS”) disorders. We currently have two key assets:

(1) Fanapt™ (iloperidone), an atypical antipsychotic compound approved in the U.S. for the treatment of schizophrenia and being marketed in the U.S. by Novartis Pharma AG. We are entitled to a royalty of 8-10% on U.S. net sales of Fanapt.

(2) Probuphine®, a slow release implant formulation of buprenorphine that is capable of maintaining a stable, round the clock blood level of the medicine in patients for six months following a single treatment. Probuphine is in Phase 3 clinical development for the treatment of opioid addiction, and we are currently enrolling patients in a confirmatory Phase 3 clinical study, which is expected to be completed in early second quarter 2011 with study results available by late second quarter 2011.

The ProNeura drug delivery technology underlying Probuphine has the potential to be used in developing products for the treatment of other chronic conditions where maintaining stable, round the clock blood levels of a drug can benefit the patient and improve medical outcomes (e.g. chronic pain, Parkinson’s disease).

We are directly developing our product candidates and also utilize resources provided through partnerships with other companies and government organizations. These collaborations have helped to fund product development and have enabled us to retain significant economic interest in our products. We operate in only 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 month period ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010, or any future interim periods.

The Balance Sheet at December 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

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 for the year ended December 31, 2009 included in the Titan Pharmaceuticals, Inc. Registration Statement on Form 10/A, as filed with the Securities and Exchange Commission (“SEC”).

We have evaluated events that have occurred after June 30, 2010 and through the date that the unaudited financial statements were issued.

We expect to continue to incur substantial additional operating losses from costs related to continuation of product and technology development, clinical trials, and administrative activities. We believe that our working capital at June 30, 2010, together with proceeds available during the third quarter of 2010 from the two grants which were awarded by the National Institutes of Health (“NIH”), will be sufficient, in light of faster than expected patient enrollment in the Probuphine development program, to sustain our planned operations into November, 2010. Accordingly, we are currently seeking potential sources of capital in support of the Probuphine development program, which will supplement ongoing royalty revenues from sales of Fanapt. There can be no assurance that the funds we require will be available on favorable terms.

We may 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 Fanapt 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.

TITAN PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(unaudited)

Majority-Owned Subsidiary

At June 30, 2010, we owned 81% of Ingenex (assuming the conversion of all preferred stock to common stock). Ingenex is not an operating company and has no assets.

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 a 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.
- Royalties earned are based on third-party sales of licensed products and are recorded in accordance with contract terms when third-party results are reliably measurable and collectibility is reasonably assured. Pursuant to certain license agreements, we earn royalties on the sale of Fanapt™ by Novartis Pharma AG in the U.S. and Canada, and by Vanda Pharmaceuticals, Inc. in the rest of the world. As described in Note 5, Commitments and Contingencies, we are obligated to pay royalties on such sales to Sanofi-Aventis. As we have no performance obligations under the license agreements, we have recorded the royalties earned, net of royalties we are obligated to pay, as revenue in our consolidated statement of operations commencing with the six month period ended June 30, 2010.

Research and Development Costs and Related Accrual

Research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses, facility costs, administrative expenses and allocations of corporate costs. External expenses consist primarily of costs associated with outsourced clinical research organization activities, sponsored research studies, process development and product manufacturing expenses, product registration, patent application and prosecution, and investigator sponsored trials. We also record accruals for estimated ongoing clinical trial costs. Clinical trial costs represent costs incurred by clinical research organizations, (“CROs”), and clinical sites. These costs are recorded as a component of research and development expenses. Under our agreements, progress payments are typically made to investigators, clinical sites and CROs. We analyze the progress of the clinical trials, including levels of patient enrollment, invoices received and contracted costs when evaluating the adequacy of accrued liabilities. Significant judgments and estimates must be made and used in determining the accrued balance in any accounting period. Actual results could differ from those estimates under different assumptions. Revisions are charged to expense in the period in which the facts that give rise to the revision become known.

TITAN PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(unaudited)

Recent Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2010-17 (“ASU 2010-17”), *Revenue Recognition - Milestone Method*, which provides a new guidance on the use of the milestone method of recognizing revenue for research and development arrangements under which consideration to be received by the vendor is contingent upon the achievement of certain milestones. ASU 2010-17 is effective for fiscal years, and interim periods within such fiscal years, beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the potential impact, if any, of the adoption of this guidance on our financial position, results of operations and cash flows.

In February 2010, the FASB issued Accounting Standards Update No. 2010-09 (“ASU 2010-09”), *Subsequent Events, Amendments to Certain Recognition and Disclosure Requirements*, which clarifies certain existing evaluation and disclosure requirements in ASC 855 related to subsequent events. ASU 2010-09 requires SEC filers to evaluate subsequent events through the date on which the financial statements are issued and is effective immediately. The new guidance did not have an effect on our consolidated results of operations and financial condition.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 (“ASU 2010-06”), which amends the use of fair value measures and the related disclosures. ASU 2010-06 requires new disclosures for transfers in and out of Level 1 and Level 2 fair value measurements. ASU 2010-06 is effective for the quarter ended June 30, 2010. The adoption of this new standard did not have an impact on our consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13 (“ASU 2009-13”), *Multiple-Deliverable Revenue Arrangements*, which eliminates the residual method of allocation, and instead requires companies to use the relative selling price method when allocating revenue in a multiple deliverable arrangement. ASU 2009-13 shall be effective in fiscal years beginning on or after June 15, 2010, with earlier application permitted. While we do not expect the adoption of this standard to have a material impact on our financial position or results of operations, this standard may have an impact in the event we enter into future collaborative or multiple-deliverable transactions or modify existing collaborative relationships.

2. Stock Option Plans

The following table summarizes the share-based compensation expense recorded for awards under the stock option plans for the three and six month periods ended June 30, 2010 and 2009:

(in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Research and development	\$ (45)	\$ 99	\$ (30)	\$ 38
General and administrative	119	966	241	909
Total share-based compensation expenses	\$ 74	\$ 1,065	\$ 211	\$ 947
Increase in basic and diluted net loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (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.

We use the Black-Scholes-Merton option-pricing model with the following assumptions to estimate the share-based compensation expense for the three and six month periods ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six months Ended June 30,	
	2010	2009	2010	2009
Weighted-average risk-free interest rate	1.4%	0.4%	2.3%	0.4%
Expected dividend payments	—	—	—	—
Expected holding period (years) ¹	4.1	4.6	4.2	4.6
Weighted-average volatility factor ²	1.94	1.84	1.89	1.84
Estimated forfeiture rates for options granted to management ³	23%	21%	23%	21%
Estimated forfeiture rates for options granted to non-management ³	41%	41%	41%	41%

- (1) Expected holding periods are based on historical data.
- (2) Weighted average volatility is based on the historical volatility of the Company’s common stock.
- (3) Estimated forfeiture rates are based on historical data.

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TITAN PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(unaudited)

No options to purchase common stock were granted during the three month period ended June 30, 2010. Based upon the above methodology, the weighted-average fair value of options valued during the three month period ended June 30, 2009 was \$0.75.

The following table summarizes option activity for the six month period ended June 30, 2010:

<u>(in thousands, except per share amounts)</u>	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Option Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2010	6,070	\$ 3.68	6.42	\$ 4,794
Granted	150	2.36		
Exercised	—	—		
Expired or forfeited	(1,111)	5.78		
Outstanding at June 30, 2010	<u>5,109</u>	<u>\$ 3.18</u>	<u>6.41</u>	<u>\$ 505</u>
Exercisable at June 30, 2010	<u>3,515</u>	<u>\$ 4.16</u>	<u>5.27</u>	<u>\$ 270</u>

As of June 30, 2010 there was approximately \$0.9 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 2.9 years.

No shares of restricted stock were awarded during the three months ended June 30, 2010. The following table summarizes restricted stock activity for the six month period ended June 30, 2010:

<u>(in thousands, except per share amounts)</u>	<u>Shares</u>	<u>Weighted Average Fair Value</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2010	20	\$ 0.04	9.3	\$ 45
Awarded	36	—		
Exercised	—	—		
Cancelled	—	—		
Outstanding at June 30, 2010	<u>56</u>	<u>\$ 0.01</u>	<u>9.4</u>	<u>\$ 56</u>
Vested at June 30, 2010	<u>54</u>	<u>\$ 0.01</u>	<u>9.4</u>	<u>\$ 54</u>

As of June 30, 2010 there was approximately \$1,000 of total unrecognized compensation expense related to non-vested awards. This expense is expected to be recognized over a weighted-average period of 1.3 years.

3. Net Loss Per Share

We calculate basic net loss per share using the weighted average common shares outstanding for the periods presented. Diluted net income per share would include the impact of other dilutive equity instruments, primarily our options and warrants. For the periods ended June 30, 2010 and 2009, options and warrants totaled 11.9 million and 14.6 million shares, respectively. We reported net losses for the periods presented and, therefore, options and warrants were excluded from the calculation of diluted net loss per share as they were anti-dilutive.

4. 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 six month periods ended June 30, 2010 were \$1.8 million and \$2.2 million, respectively, and for the three and six month periods ended June 30, 2009 were \$1.7 million and \$2.8 million, respectively.

5. Commitments and Contingencies

Legal Proceedings

In March 2005, Dr. Bernard Sabel initiated an appraisal proceeding in the Court of Chancery of the State of Delaware relating to the merger of our subsidiary ProNeura, Inc. into Titan. The complaint indicated that Mr. Sabel wanted the court to appraise the value of the 108,800 shares of the common stock of ProNeura owned by him. The complaint did not specify an amount that Mr. Sabel considered the fair value of the shares. In March 2009, we settled our dispute with Dr. Sabel related to the merger of our subsidiary ProNeura, Inc. into Titan. In April 2009, under the terms of the settlement, we paid \$600,000 to Dr. Sabel.

TITAN PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(unaudited)

Financing Agreements

In December 2009, we entered into a loan and security agreement with Oxford Capital Financing (“Oxford”) pursuant to which we received a three-year term loan in the principal amount of \$3,000,000 that bears interest at the rate of 13% per annum. We paid Oxford an initial facility fee of \$60,000 and are obligated to make a final payment fee of \$180,000. Commencing in January 2010, the loan is repayable in monthly interest payments of \$32,500 through June 2010 followed by monthly interest and principal installments of \$117,625 commencing in July 2010 through December 2012. The loan is secured by our assets and has a provision for pre-payment. We also issued to Oxford, in connection with the loan and security agreement, five-year warrants to purchase 42,254 shares of our common stock at an exercise price of \$2.13 per share. The relative fair value attributable to the warrants of \$88,995 was recorded as a discount to the debt and corresponding credit to additional paid-in capital. The debt discount is being amortized to interest expense over the life of the debt.

Royalty Payments

In 1997, we entered into an exclusive license agreement with Sanofi-Aventis SA (formerly Hoechst Marion Roussel, Inc.). The agreement gave us a worldwide license to the patent rights and know-how related to the antipsychotic agent Fanapt (iloperidone), including the ability to develop, use, sublicense, manufacture and sell products and processes claimed in the patent rights. Upon commercialization of the product, the license agreement provides that we will pay royalties based on net sales. Net sales of Fanapt by Novartis during the three month period ended June 30, 2010 were approximately \$693,000 and we are obligated to pay royalties of approximately \$104,000 to Sanofi-Aventis which was included in Accounts Receivable and Accounts Payable on the June 30, 2010 Balance Sheet.

6. Stockholders’ Equity

In December 2009, we completed the sale of 300,000 shares of our common stock to an institutional investor for gross proceeds of approximately \$510,000. Net proceeds were approximately \$478,000.

In September and October 2009, members of our board of directors exercised options to purchase 659,862 shares of our common stock at prices ranging from \$0.79 to \$1.40 per share. Net proceeds were approximately \$555,000.

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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, our ability to obtain additional financing, the effect of our accounting policies, and other risks detailed in our SEC filings.

Probuphine® and ProNeura™ 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 primarily for the treatment of central nervous system ("CNS") disorders. We currently have two key assets as described below:

- **Fanapt™(iloperidone):** An atypical antipsychotic approved by the U.S. Food and Drug Administration ("FDA") for the treatment of schizophrenia. Novartis Pharma AG ("Novartis") has acquired the U.S. and Canadian rights to further develop and commercialize the approved oral formulation, which it launched in the U.S. in January 2010, and also further develop and potentially commercialize an injectable form of the drug, known as a depot formulation. We are entitled to a royalty of 8-10% on U.S. net sales of all formulations through November 2016 (inclusive of a patent extension under the Patent Restoration Act), with a possible six month extension for development of pediatric indications. Vanda Pharmaceuticals, Inc. ("Vanda") has the development and commercialization rights to the oral and depot formulations of this product for the rest of the world. Because patent coverage in most significant markets outside the U.S. has expired or will expire shortly, our royalties on any future sales in such markets will generally be limited.
- **Probuphine:** A slow release implant formulation of buprenorphine in Phase 3 clinical development for the treatment of opioid addiction that is capable of maintaining a round the clock stable blood level of the drug in patients for six months following a single treatment. We have previously announced positive safety and efficacy results of this product in Phase 3 studies including a placebo controlled Phase 3 study. In October 2009 we were awarded a \$7.6 million grant from the National Institutes of Health ("NIH") that will partially fund the second Phase 3 controlled safety and efficacy study required by the FDA for product registration. We have recently provided an update on the confirmatory Phase 3 study currently enrolling patients at 20 U.S. sites, with full enrollment expected by the beginning of the fourth quarter of 2010, almost three months ahead of schedule, and study results by late second quarter 2011.

The ProNeura long-term drug delivery technology underlying Probuphine has the potential to be used in developing products for the treatment of other chronic conditions where maintaining stable, round the clock blood levels of a drug can benefit the patient and improve medical outcomes. We were recently awarded a \$0.5 million grant by the NIH under the Small Business Innovation Research (SBIR) program to conduct non-clinical studies in a model of Parkinson's disease using previously approved dopamine agonists and the ProNeura drug delivery technology. We have also licensed certain rights from the University of Iowa to potentially use gallium maltolate for the treatment of chronic bacterial infections.

Our Products

The following table provides a summary status of our products:

Product	Approved or Potential Indication(s)	Phase of Development	Marketing Rights
Fanapt™ (iloperidone)	Schizophrenia	Approved in U.S. for treatment of schizophrenia	Novartis – U.S. and Canada Vanda - Rest of the world
Probuphine	Opioid addiction	Phase 3	Titan

Fanapt was approved by the FDA in May 2009 for the treatment of schizophrenia and Novartis has acquired the rights to commercialize it in the U.S. and Canada. Novartis announced that it commenced commercial launch of Fanapt in mid January 2010 and has reported net sales of approximately \$21.4 million through June 30, 2010.

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Probuphine is currently in Phase 3 clinical development and has demonstrated safety and efficacy in three Phase 3 studies, including one controlled Phase 3 study. However, additional clinical and manufacturing development is necessary prior to registration and it may still not be successfully developed or commercialized. Titan has been awarded a \$7.6 million grant by the NIH in partial support of the second controlled Phase 3 study, the total external cost of which is estimated at approximately \$14.6 million. We will also require significant further capital, currently estimated at approximately \$3.9 million, to support third party expenses related to manufacturing development and testing, and possibly an addition \$6.0 million for a long term safety study (one year treatment) prior to commercialization without giving effect to the cost of additional clinical studies, if any, that may be required by the FDA. We may experience unanticipated problems relating to product development and cannot predict whether we will successfully develop and commercialize any products.

Titan was recently awarded an SBIR grant supporting the development of a long-term, non-fluctuating dopamine agonist treatment for Parkinson's disease. The first year award in the amount of \$300,000 will be available to Titan starting August 1, 2010, and an additional \$195,000 for the second year starting August 1, 2011 has been recommended subject to availability of funds and satisfactory progress of the project. The grant will be administered by the National Institute of Neurological Disorders and Stroke (NINDS).

Results of Operations for the Three and Six Months Ended June 30, 2010 and June 30, 2009

Our net loss for the three month period ended June 30, 2010 was approximately \$1.8 million, or approximately \$0.03 per share, compared to our net loss of approximately \$1.7 million, or approximately \$0.03 per share, for the comparable period in 2009. Our net loss for the six month period ended June 30, 2010 was approximately \$2.2 million, or approximately \$0.04 per share, compared to our net loss of approximately \$2.8 million, or approximately \$0.05 per share, for the comparable period in 2009.

We generated royalty revenues during the three and six month periods ended June 30, 2010 of approximately \$55,000 and \$1.7 million, respectively. We had no royalty revenue during the comparable periods in 2009. We generated grant revenues during the three and six month periods ended June 30, 2010 of approximately \$1.3 million and \$2.0 million, respectively. We had no grant revenue during the comparable periods in 2009. We generated no revenues from licensing agreements during the three month period ended June 30, 2010 and approximately \$11,000 during the six month period ended June 30, 2010, compared to approximately \$29,000 and \$52,000 for the comparable periods in 2009. Royalty revenues during the three and six month periods ended June 30, 2010 consisted of royalties on sales of Fanapt. Grant revenues during the three and six month periods ended June 30, 2010 consisted of proceeds from the NIH grant related to our Probuphine program.

Research and development expenses for the three month period ended June 30, 2010 were approximately \$2.1 million, compared to approximately \$0.4 million for the comparable period in 2009, an increase of \$1.7 million, or 425%. Research and development expenses for the six month period ended June 30, 2010 were approximately \$3.7 million, compared to approximately \$1.0 million for the comparable period in 2009, an increase of \$2.7 million, or 270%. The increase in research and development costs during the three and six month periods ended June 30, 2010 was primarily associated with an increase in external research and development expenses associated with the initiation and ongoing expenses of the Phase 3 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 and contract manufacturing expenses. During the three and six month periods ended June 30, 2010, external research and development expenses relating to our Probuphine product development program were approximately \$1.6 million and \$2.6 million, respectively. 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 June 30, 2010 were approximately \$1.0 million, compared to approximately \$1.4 million for the comparable period in 2009, a decrease of \$0.4 million, or 29%. General and administrative expenses for the six month period ended June 30, 2010 were approximately \$1.9 million, compared to approximately \$1.8 million for the comparable period in 2009, an increase of \$0.1 million, or 6%. The decrease in general and administrative expenses during the three month period ended June 30, 2010 was primarily related to decreases in non-cash stock compensation costs of approximately \$0.8 million and facilities and other administrative costs of approximately \$0.1 million. This was offset in part by increases in legal fees of approximately \$0.3 million and consulting and professional fees of approximately \$0.2 million. The increase in general and administrative expenses during the six month period ended June 30, 2010 was primarily related to increases in legal fees of approximately \$0.3 million and consulting and professional fees of approximately \$0.7 million, employee related costs of \$0.1 million and travel related costs of \$0.1 million. This was offset in part by decreases in non-cash stock compensation costs of approximately \$0.7 million, facilities and other administrative costs of approximately \$0.4 million.

Net other expense for the three month period ended June 30, 2010 was approximately \$120,000, compared to net other income of approximately \$5,000 in the comparable period in 2009. Net other expense for the six month period ended June 30, 2010 was

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approximately \$245,000, compared to net other income of approximately \$2,000 in the comparable period in 2009. The increase in net other expense during the three and six month periods ended June 30, 2010, was primarily related to interest expense of approximately \$120,000 and \$240,000, respectively, resulting from our loan with Oxford.

Liquidity and Capital Resources

We have funded our operations since inception primarily through sales of our securities, as well as with proceeds from warrant and option exercises, corporate licensing and collaborative agreements, and government-sponsored research grants. At June 30, 2010, we had approximately \$1.5 million of cash and cash equivalents compared to approximately \$3.3 million at December 31, 2009.

Our operating activities used approximately \$1.8 million during the six months ended June 30, 2010. This consisted primarily of the net loss for the period of approximately \$2.2 million and \$0.3 million related to increases in accounts receivable, which includes approximately \$0.1 million which will have to be paid to Sanofi-Aventis for royalties earned on sales of Fanapt. This was offset in part by non-cash charges of approximately \$0.2 million related to share-based compensation expenses and approximately \$0.4 million related to net changes in other operating assets and liabilities. Uses of cash in operating activities were primarily to fund product development programs and administrative expenses. Our license agreements with Sanofi-Aventis and MIT require us to pay royalties on future product sales. 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 12 months is approximately \$100,000.

Net cash used by investing activities of approximately \$13,000 during the six months ended June 30, 2010 consisted of purchases of office equipment.

No cash was used in or provided by financing activities during the six month periods ended June 30, 2010 and 2009.

In December 2009, we entered into a financing agreement with Oxford Capital Financing pursuant to which we received a three-year term loan in the principal amount of \$3.0 million that bears interest at the rate of 13% per annum. Under this agreement, we will make payments totaling approximately \$1.1 million during the next 12 months. We are obligated to make a final payment fee of \$180,000. The loan is secured by our assets and has a provision for pre-payment.

We expect to continue to incur substantial additional operating losses from costs related to the continuation of product and technology development, clinical trials, and administrative activities. We believe that our working capital at June 30, 2010, together with proceeds from the NIH grants, in light of faster than expected patient enrollment in the Probuphine development program, will be sufficient to sustain our planned operations into November, 2010. Accordingly, we are currently seeking potential sources of capital in support of the Probuphine development program, which will supplement ongoing royalty revenues from sales of Fanapt. There can be no assurance that the funds we require will be available on favorable terms.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

This information has been omitted based on our status as a smaller reporting company.

Item 4T. Controls and Procedures

Disclosure Controls and Procedures

Our President, being our principal executive and financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of June 30, 2010, the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the three months ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1A. Risk Factors

This information has been omitted based on our status as a smaller reporting company.

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Item 5. Exhibits

<u>No.</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended ⁹
3.2	By-laws of the Registrant ¹
4.1	Registration Rights Agreement dated as of December 17, 2007 ²
4.2	Registration Rights Agreement dated as of December 8, 2009 ⁹
4.3	Warrant to Purchase Common Stock dated December 23, 2009 issued to Oxford Finance Corporation ⁹
10.1	1998 Stock Option Plan ³
10.2	2001 Non-Qualified Employee Stock Option Plan ⁴
10.3	2002 Stock Option Plan ⁵
10.4	Employment Agreement between the Registrant and Sunil Bhonsle, dated May 16, 2009, as amended by agreement dated February 17, 2010 ⁹
10.5	Employment Agreement between the Registrant and Marc Rubin, dated May 16, 2009, as amended by agreement dated February 17, 2010 ⁹
10.6	Lease for the Registrant's facilities, amended as of October 1, 2004 ⁶
10.7	Amendments to lease for Registrant's facilities dated May 21, 2007 and March 12, 2009 ⁹
10.9*	License Agreement between the Registrant and Sanofi-Aventis SA effective as of December 31, 1996 ⁷
10.10*	Sublicense Agreement between the Registrant and Novartis Pharma AG dated November 20, 1997 ⁸
10.11*	License Agreement between the Registrant and the Massachusetts Institute of Technology dated September 28, 1995 ¹
10.12	Loan and Security Agreement between the Registrant and Oxford Finance Corporation dated December 18, 2009 ⁹
10.13	Stock Purchase Agreement between the Registrant and certain investors dated December 8, 2009 ⁹
10.14	Amendment to Employment Agreement dated June 15, 2010 between the Registrant and Marc Rubin ¹¹
10.15	Amendment to Employment Agreement dated June 15, 2010 between the Registrant and Sunil Bhonsle ¹¹
10.16	Amendment to lease for Registrant's facilities dated June 15, 2010
14.1	Code of Business Conduct and Ethics ¹⁰
31.1	Certification of the Principal Executive and Financial Officer pursuant to Rule 13(a)-14(a) of the Securities Exchange of 1934
32.1	Certificate of the Principal Executive and Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference from the Registrant's Registration Statement on Form SB-2 (File No. 33-99386).

(2) Incorporated by reference from the Registrant's Current Report on Form 8-K dated December 27, 2007.

(3) Incorporated by reference from the Registrant's definitive Proxy Statement filed on July 28, 2000.

(4) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.

(5) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.

(6) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005.

(7) Incorporated by reference from the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1996.

(8) Incorporated by reference from the Registrant's Registration Statement on Form S-3 (File No. 333-42367).

(9) Incorporated by reference from the Registrant's Registration Statement on Form 10 filed on January 14, 2010.

(10) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.

(11) Incorporated by reference from the Registrant's Current Report on Form 8-K dated June 16, 2010.

* Confidential treatment has been granted with respect to portions of this exhibit.

SIGNATURES

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

TITAN PHARMACEUTICALS, INC.

Dated: August 16, 2010

By: _____ /s/ SUNIL BHONSLE
Name: Sunil Bhonsle
Title: President (Principal Executive and Principal Financial Officer)

OYSTER POINT MARINA PLAZA

Tenth Amendment to Office Lease

THIS TENTH AMENDMENT TO OFFICE LEASE (the "Tenth Amendment") is made and entered into as of June 15, 2010, by and between **KASHIWA FUDOSAN AMERICA, INC.**, a California corporation ("Landlord") and **TITAN PHARMACEUTICALS, INC.**, a Delaware corporation ("Tenant").

Recitals

A. Landlord and Tenant have heretofore entered into that certain lease dated February 14, 1996 (the "Lease") for premises originally described as Suite 505 (the "Premises"), initially containing approximately 3,866 rentable square feet of space in the building located at 400 Oyster Point Boulevard, South San Francisco, California (the "Building"), which forms part of the office building complex commonly known as Oyster Point Marina Plaza (the "Complex").

B. The Lease has heretofore been amended by the following instruments (collectively the "Addenda"):

- (i) First Amendment to Lease dated as of March 25, 1997;
- (ii) Second Amendment to Lease dated as of May 22, 1998;
- (iii) Third Amendment to Lease dated as of November 11, 2000;
- (iv) Fourth Amendment to Lease dated as of April 9, 2001;
- (v) Fifth Amendment to Lease dated as of December 5, 2001;
- (vi) Sixth Amendment to Lease dated as of August 1, 2002;
- (vii) Seventh Amendment to Lease dated as of October 1, 2004;
- (viii) Eighth Amendment to Lease dated as of May 22, 2007; and
- (ix) Ninth Amendment to Lease dated as of February 11, 2009.

C. The parties mutually desire to amend the terms of the Lease to extend the Term, to terminate the Lease with respect to a portion only of Suite 505, and to effect certain related changes, all on and subject to the terms and conditions hereof.

Agreement

Now, therefore, in consideration of the mutual terms and conditions herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1 EFFECT OF AMENDMENT. Landlord and Tenant agree that, notwithstanding anything contained in the Lease to the contrary, the provisions set forth below will be deemed to be part of the Lease and shall supersede, to the extent they differ, any contrary provisions in the Lease as heretofore amended. Terms defined in the Lease shall have the same meanings in this Tenth Amendment, unless a different definition is set forth in this Tenth Amendment. The term *Lease* as used herein shall be deemed to include the Addenda, each of which may also be referred to separately herein. A true and complete copy of the Lease as heretofore amended is attached hereto as **Exhibit A** and incorporated herein by reference.

2 EFFECTIVE DATE. The amendments and changes specified in this Tenth Amendment shall become effective retroactively on **July 1, 2010** (the "Effective Date"). Notwithstanding the foregoing, this Tenth Amendment shall constitute the fully-binding agreement and contract of the parties from and after the date of the parties' execution and delivery of this Tenth Amendment to each other.

3 SUMMARY TABLE. The Table set forth in 3 of Ninth Amendment is hereby superseded and replaced in its entirety by the following table, which shall constitute the Table under §1.2 of the Lease for all purposes from and after the Effective Date of this Tenth Amendment:

PERIODS	SUITE NO.	RSF	USF	MONTHLY BASE RENT	TENANT'S SHARE BLDG	TENANT'S SHARE COMPLEX	BASE YEAR
July 1, 2010, through June 30, 2011	505	9,255	8,048	\$16,196.25	3.993%	1.992%	2010
July 1, 2011, through June 30, 2012	505	9,255	8,048	\$16,659.00	3.993%	1.992%	2010
July 1, 2012, through June 30, 2013	505	9,255	8,048	\$17,121.75	3.993%	1.992%	2010

In the event of any conflict between the terms contained in the Table and the terms contained in subsequent paragraphs of this Tenth Amendment, the terms of the Table shall control, except as may be expressly varied in any subsequent paragraph of this Tenth Amendment.

4 EXTENSION OF LEASE TERM. The Term of the Lease specified in §1.4 of the Lease as heretofore amended under the Addenda is hereby extended for an additional period of three (3) years commencing on July 1, 2010, and the Expiration Date of the Lease is hereby amended accordingly to June 30, 2013.

4.1 Early Termination Right. Notwithstanding anything to the contrary in this Lease, Tenant shall have the right in its sole and absolute discretion to terminate this Lease effective on **June 30, 2012** (the "Early Termination Date") upon prior written notice given to Landlord not earlier than September 30, 2011, and not later than February 28, 2012 (the "Termination Notice"). If Tenant elects to give Landlord such a Termination Notice, the Lease shall terminate on the Early Termination Date with the same effect as if the Term of the Lease had expired on the Early Termination Date, and Tenant agrees to observe all the terms of the Lease regarding vacation and condition of the Premises upon expiration of the Term in any such case. In consideration of the termination right granted to Tenant hereunder, Tenant agrees to pay to Landlord on the date Tenant delivers its Termination Notice a termination fee equal to **Thirty-Five Thousand Three Hundred One Dollars and Sixty Cents (\$35,301.60)**. Tenant's payment of the Termination Fee when and as required under this §1.4.1 is an express condition precedent to Tenant's effective exercise of its termination option hereunder; and if Tenant fails to exercise its termination option when and as provided hereunder, including timely payment of the Termination Fee, Tenant's exercise of its termination option shall be void and of no effect, and the Lease shall remain in effect as if Tenant had not attempted the exercise of its termination option. Time is of the essence of this §1.4.1.

5 CONTRACTION OF PREMISES. Beginning at 11:59 p.m. on the Effective Date, the following spaces (collectively the "Released Spaces") shall be separately demised and subtracted from Premises, which for the remainder of the Term thereafter shall comprise approximately 9,255 rentable square feet of rentable space for all purposes under the Lease, as shown in the Table as amended under 3 above and as depicted on the space plan (the "Space Plan") attached hereto as **Exhibit B** and incorporated herein by reference:

(a) approximately 3,900 rentable square feet of space shown on space plan attached hereto as **Exhibit C** and incorporated herein by reference (the "Released Space A"); and

(b) approximately 746 rentable square feet of space shown on space plan attached hereto as **Exhibit D** and incorporated herein by reference (the "Released Space B").

The Lease shall terminate on the Effective Date with respect to the Released Spaces only with the same effect as if the Term had expired with respect thereto.

5.2 Vacation of Released Spaces. On or before **June 30, 2010** (the "Vacation Date"), Tenant shall vacate and surrender the Released Spaces to Landlord in broom-clean condition as required under the Lease upon the expiration of the Term. Notwithstanding the foregoing, Tenant may leave its existing furniture and cubicles in the Released Space A, which furniture and cubicles shall be available for the use of and/or purchase by a prospective tenant for the Released Space A on terms and conditions reasonably acceptable to Tenant; provided, that Tenant agrees promptly to remove such furniture and cubicles from the Released Space A upon request from Landlord if the subsequent tenant of the Released Space A does not wish to make use of or purchase the existing furniture and cubicles. Tenant acknowledges and agrees that, from and after the Vacation Date, Landlord will commence the construction of a Building-standard painted and taped demising wall and related work to separate the Released Spaces from the Premises and to prepare the Released Spaces for the occupancy of another tenant from and after the Vacation Date as part of the Work (as defined in 5.1 below).

5.3 Condition Precedent. Notwithstanding anything to the contrary herein, the execution and delivery to Landlord of a lease amendment incorporating the Release Space B into its premises by The Greenspan Company shall be an express condition precedent to the effectiveness of this Tenth Amendment; and if The Greenspan Company fails to execute and deliver such an amendment to Landlord, this Tenth Amendment shall be null, void, and of no force or effect.

6 REDUCED PREMISES BASE RENT. The Base Rent for the Premises specified in §1.5 of the Lease, as heretofore modified in the Addenda, shall be the amounts specified as Monthly Base Rent in the Table above for the various periods and spaces set forth in the Table from and after the Effective Date. In the event of any conflict between the provisions of the Table and those of the Rent Schedule, the Rent Schedule shall prevail.

7 EXTENSION TERM BASE YEAR. As specified in the Table above, the Base Year for the purposes calculating Tenant's Share of Increased Operating Expenses and Increased Taxes under Article 4 of the Lease as heretofore amended shall be calendar year 2010 from and after the Effective Date.

8 CONDITION OF PREMISES. Except as otherwise expressly provided in this 5 with respect to Landlord's preparation of the Premises for Tenant's continued occupancy, Tenant shall accept the Premises, any existing Improvements in the Premises, and the Systems and Equipment serving the same in an "as is" condition on the Effective Date, and Landlord shall have no obligation to improve, alter, remodel, or otherwise modify the Premises in connection with Tenant's continued occupancy of the Premises from and after the Effective Date.

8.1 Landlord's Preparation. Landlord shall use reasonable diligence in completing and preparing the Premises for Tenant's continued occupancy on or before the Effective Date. The facilities, materials, and work to be furnished, installed, and performed in the Premises by Landlord are referred to as the "Work." Any other installations, materials, and work which may be undertaken by or for the account of Tenant to prepare, equip, decorate, and furnish the Premises for Tenant's

continued occupancy are referred to as the "Tenant's Work," which shall include the connection and/or rewiring of Tenant's telephone and data lines. The parties agree that Landlord's Work, to be completed at Landlord's sole cost and expense, shall consist of the following items only:

- (i) demolition of a wall connecting the separate suites;
- (ii) construction of a Building-standard painted and taped demising wall and related work to separate the Released Spaces from the Premises;
- (iii) reconfiguration of the doorway for the file storage room;
- (iv) relocation of the PBX and door access systems into a new closet; and
- (v) reconfiguration of the energy-management system for the Premises.

8.2 Interference with Tenant's Business. The parties acknowledge that Tenant shall be in possession of the Premises and shall conduct its business in the Premises during the performance of the Work described in 4.1 above. Landlord shall have no liability to Tenant, nor shall Tenant's obligations under the Lease be reduced or abated in any manner whatsoever, by reason of any inconvenience, annoyance, interruption, or injury to business arising from Landlord's performance of the Work or from Landlord's making any repairs or changes which Landlord is required or permitted to perform by this Tenth Amendment or by any other tenant's lease or required by law to make in or to any portion of the Complex, Property, Building, or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises. Landlord agrees to use reasonable efforts to avoid interference with Tenant's use and occupancy of the Premises during the performance of the Work and agrees to cause the application of paint and any work generating unreasonable noise outside of normal business hours. The parties agree that Landlord shall not be liable for any damages which Tenant may incur during the performance of the Work, except to the extent that Tenant's actual damages are the result of Landlord's negligence or willful misconduct. In no circumstances shall Landlord be liable to Tenant for business interruption, lost profits, or compensatory or consequential damages of any kind by virtue of Landlord's Work. Tenant specifically agrees that any interference with Tenant's use or occupancy of the Premises caused by the performance of the Work shall not constitute a constructive eviction.

8.3 Notice of Defects. It shall be conclusively presumed upon Tenant's continued actual possession of the Premises from and after the Effective Date that the same were in satisfactory condition (except for latent defects) as of the date of such taking of possession, unless within thirty (30) days after the Effective Date Tenant shall give Landlord notice in writing specifying the respects in which the Premises were not in satisfactory condition.

9 PARKING. The number of parking spaces specified in §28.1 of the Lease as available for Tenant's use is hereby amended to Thirty-Two (32).

10 SECURITY DEPOSIT. Tenant's Security Deposit specified in §5.1 of the Lease as heretofore amended shall remain unchanged in consequence of the parties' execution and delivery of this Tenth Amendment to each other.

11 NO DISCLOSURE. Tenant agrees that it shall not disclose any of the matters set forth in this Tenth Amendment or disseminate or distribute any information concerning the terms, details, or conditions hereof to any person, firm, or entity without obtaining the express written approval of Landlord.

12 DEFINED TERMS. Terms used herein that are defined in the Lease shall have the meanings therein defined, unless a different definition is set forth in this Tenth Amendment. In the event of any conflict

In witness whereof, the parties have executed this Tenth Amendment as of the date first above written.

Landlord:

Tenant:

KASHIWA FUDOSAN AMERICA, INC., a
California corporation

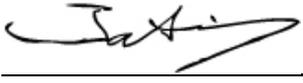
TITAN PHARMACEUTICALS, INC., a Delaware
corporation

By: **TAK Development, Inc.**, a
California corporation

By: 

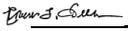
Its: Attorney-in-Fact

SUNIL BHONSLE
[name typed]

By: 

Toru Iwai, Vice-President 7/26/10.

Its: President

 Digitally signed by Robert L Delsman
Reason: Approved as to Legal Form &
Sufficiency
Location: Berkeley, California
Date: 2010.07.18 14:28:51 -07'00'

CERTIFICATION

I, Sunil Bhonsle, 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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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; and
- (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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (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: August 16, 2010

/s/ Sunil Bhonsle

Name: Sunil Bhonsle

Title: President

(Principal Executive Officer and Principal
Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of Titan Pharmaceuticals, Inc. (the "Company") for the period ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company hereby certifies, 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 his 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 results of operations of the Company.

Date: August 16, 2010

/s/ Sunil Bhonsle

Name: Sunil Bhonsle

Title: President

(Principal Executive Officer and Principal
Financial Officer)