

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

JERRY TWINDE, On Behalf of Himself and All Others Similarly Situated,)	No. 4:07-cv-04972-CW
)	
Plaintiff,)	<u>CLASS ACTION</u>
)	
vs.)	
)	
THRESHOLD PHARMACEUTICALS, INC., et al.,)	
)	
Defendants.)	
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RAYNOLD L. GILBERT, On Behalf of Himself and All Others Similarly Situated,)	No. 4:07-cv-04971-CW
)	
Plaintiff,)	<u>CLASS ACTION</u>
)	
vs.)	
)	
THRESHOLD PHARMACEUTICALS, INC., et al.,)	
)	
Defendants.)	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU RECEIVED, PURCHASED OR OTHERWISE ACQUIRED THRESHOLD PHARMACEUTICALS, INC. ("THRESHOLD") SECURITIES BETWEEN FEBRUARY 4, 2005 AND JULY 14, 2006, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Threshold common stock (CUSIP No. 885807206), Threshold put options, and Threshold call options received, purchased or otherwise acquired between February 4, 2005 and July 14, 2006.

Settlement Fund: \$10,000,000 in cash. Your recovery will depend on the number and type of Threshold securities received, purchased or otherwise acquired between February 4, 2005 and July 14, 2006, and the timing of your receipt, purchases, acquisitions and any sales. If claims are submitted for 100% of the eligible shares of Threshold common stock, the estimated average recovery per share of common stock will be approximately \$0.32 before deduction of Court-approved fees and expenses. Available information concerning the trading of options does not permit a useful estimate concerning the recovery for options.

Settlement Class: The Court has preliminarily certified a Settlement Class of all persons who received, purchased or acquired Threshold securities during the period from and including February 4, 2005 to July 14, 2006, inclusive. Excluded from the Settlement Class are Defendants, any entity in which any Defendant has or had a controlling interest or that is a parent or subsidiary or is controlled by any Defendant, Defendants' officers and directors, including any person who was an officer or director during the Settlement Class Period, Defendants' affiliates, legal representatives, heirs, predecessors, successors or assigns, and members of Defendants' immediate families. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery, and provides a benefit to the Settlement Class now.

If the Case Had Not Settled: The settlement must be compared to the risk of no recovery after contested motions, trial and likely appeals. The Court previously granted in part a motion by Defendants to dismiss the case with the result that Plaintiffs' claims have been substantially narrowed. A trial is a risky proposition and, the plaintiff class might not have prevailed. The claims remaining in this case involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the many key issues about which the two sides do not agree are: (1) whether any of the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the facts alleged by the Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) the extent (if any) that various facts alleged by the Plaintiffs influenced the trading prices of Threshold securities during the relevant period; (4) the method for determining whether Threshold securities were artificially inflated during the relevant period; (5) the amount (if any) of such inflation; and (6) the amount of damages (if any) that could be recovered at trial.

Attorneys' Fees and Expenses: Plaintiffs' Counsel have not received any payment for their work investigating the facts, conducting this litigation and negotiating the settlement on behalf of the Plaintiffs and the Settlement Class. Plaintiffs' Counsel will ask the Court for attorneys' fees of 25% of the Settlement Fund and expenses not to exceed \$200,000 to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per share of common stock will be approximately \$0.09, making the estimated recovery per share after fees and expenses \$0.23.

Deadlines:

Submit Claim: April 15, 2010
Request Exclusion: March 18, 2010
File Objection: March 18, 2010

Court Hearing on Fairness of Settlement: April 15, 2010

More Information: www.gilardi.com

Claims Administrator: <i>Threshold Pharmaceuticals Securities Litigation</i> Claims Administrator c/o Gilardi & Co. LLC P.O. Box 8040 San Rafael, CA 94912-8040	Lead Plaintiff’s Counsel: Rick Nelson Shareholder Relations Coughlin Stoia Geller Rudman & Robbins LLP 655 West Broadway Suite 1900 San Diego, CA 92101
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- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may write to the Court if you do not like this settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Receive no payment.
EXCLUDE YOURSELF	Receive no payment. This is the only option that would allow you to bring a separate lawsuit against the Defendants relating to the claims being released in this case.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have received, purchased or otherwise acquired Threshold securities between February 4, 2005 and July 14, 2006.

The Court sent you this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of California, and the case is known as *Twinde v. Threshold Pharmaceuticals, Inc., et al.*, No. 4:07-cv-04972-CW. The individuals and pension fund that sued are called the Plaintiffs, and the company and the individuals they sued, Threshold, Harold E. “Barry” Selick and Janet I. Swearson, are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that Defendants made false and misleading statements and omissions between February 4, 2005 and July 14, 2006, about liver toxicity issues that had arisen during clinical trials of a drug known as TH-070, which was being tested as a potential treatment for benign prostatic hyperplasia. On May 10, 2006, the Food and Drug Administration notified Threshold that it was placing a partial hold on further clinical trials of TH-070. Plaintiffs allege that after receiving this notification, Threshold issued a press release that mentioned the completion of enrollment in certain of the trials, but did not mention the partial clinical hold or the toxicity issues that had allegedly arisen. On May 11, 2006, Threshold issued a press release announcing the partial clinical hold, and on the trading day following that press release Threshold stock fell by 75%. On July 17, 2006, Threshold announced the cancellation of the TH-070 program, and on the trading day following that press release Threshold’s stock price fell by 50%. Plaintiffs assert that Defendants’ statements and omissions caused damage to the Settlement Class.

Defendants deny all of Plaintiffs’ allegations of wrongdoing. Defendants made a motion to dismiss this lawsuit in its entirety, and the Court granted that motion in part, dismissing certain claims while narrowing others. Among other things, the Court dismissed all claims based upon statements made prior to April 5, 2006. As to the claims remaining in the case, Defendants have denied and continue to deny that they did anything wrong, that the Settlement Class suffered any damages as a result of their actions or omissions, or that they have any liability whatsoever to the Settlement Class. Nonetheless, to avoid the expense and distraction of a long litigation and the related uncertainties, Defendants decided to reach an agreement with Plaintiffs to settle the case.

3. Why Is This a Class Action?

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiff Michael Hentosh, and plaintiffs Christopher Lee, Electrical Workers Pension Fund Local 103 I.B.E.W., Jerry Twinde and Raynold Gilbert (collectively, "Plaintiffs")) sue on behalf of people who have similar claims. Here, all these people are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members, except for those who timely and validly exclude themselves from the Settlement Class. The United States District Court for the Northern District of California, the Honorable Claudia Wilken, is in charge of this class action.

4. Why Is There a Settlement?

The Court did not decide in favor of the Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost and uncertainty of further litigation and a trial, and eligible Settlement Class Members who submit valid claims will receive compensation. The Plaintiffs and their attorneys think the settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this settlement, you first have to determine if you are a Settlement Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Settlement Class includes ***all persons and entities who received, purchased or otherwise acquired Threshold securities between February 4, 2005 and July 14, 2006, inclusive***, except those persons and entities that are excluded, as described below.

6. What Are the Exceptions to Being Included?

You are not a Settlement Class Member if you are a Defendant, an entity in which any Defendant has or had a controlling interest or that is a parent or subsidiary or is controlled by any Defendant, an officer or director of Threshold, including any person who was an officer or director during the Settlement Class Period, Defendants' affiliates, legal representatives, heirs, predecessors, successors or assigns, or a member of a Defendant's immediate family. You are also not a Settlement Class Member if you timely and validly request exclusion from the Settlement Class pursuant to this Notice.

If you sold Threshold securities between February 4, 2005 and July 14, 2006, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you received, purchased or otherwise acquired Threshold securities between February 4, 2005 and July 14, 2006.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Rick Nelson of Coughlin Stoia Geller Rudman & Robbins LLP at 619/231-1058 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

Defendants' insurers have agreed to pay \$10 million in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund") will be divided among all eligible Settlement Class Members who send in valid claim forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Settlement Class Members send in and the number of shares of Threshold securities you received, purchased or otherwise acquired during the relevant period and when you bought and sold them. A claim will be calculated as follows.

The allocation below is based on the following price declines as well as the statutory PSLRA 90-day look-back amount of \$2.10:

CUSIP: 885807206

Section 11 Claims for the February 2005 Initial Public Offering¹

Initial Public Offering Price: \$7.00 per share

Closing Price on the date the lawsuit was filed²: \$1.24 per share

1. For shares of Threshold acquired ***pursuant to, and traceable to, the Company's offering prospectus dated February 3, 2005***, and

a) sold prior to July 5, 2007, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$7.00 less the sales price per share.

¹ The combined recovery for the Section 11 claims related to the February and October 2005 public offerings shall be limited to 5% of the Net Settlement Fund.

² First Class Action Complaint with Section 11 claims filed on July 5, 2007.

b) retained at the end of July 4, 2007, or sold on or after July 5, 2007, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$7.00 less \$1.24.

Section 11 Claims for the October 2005 Secondary Public Offering

Secondary Public Offering Price: \$10.46 per share

Closing Price on the date the lawsuit was filed: \$1.24 per share

1. For shares of Threshold acquired ***pursuant to, and traceable to, the Company's offering prospectus dated October 11, 2005***, and

a) sold prior to July 5, 2007, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$10.46 less the sales price per share.

b) retained at the end of July 4, 2007, or sold on or after July 5, 2007, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$10.46 less \$1.24.

Section 10(b) Claims for Common Stock

Class Period: February 4, 2005 through July 14, 2006

The allocation below is based on the following price declines as well as the statutory PSLRA 90-day look back amount of \$2.10:

May 12, 2006 Price Decline: \$10.56

July 17, 2006 Price Decline: \$1.63

1. For shares of Threshold common stock ***purchased or acquired, on or between February 4, 2005 through March 19, 2006***, the claim per share shall be zero.

2. For shares of Threshold common stock ***purchased or acquired, on or between March 20, 2006 through April 4, 2006***, the claim per share shall be as follows (the combined claims for this sub-period shall be limited to 10% of the Net Settlement Fund):

a) If sold prior to May 12, 2006, the claim per share is zero.

b) If sold on May 12, 2006 through July 14, 2006, the claim per share shall be the lesser of (i) \$10.56 (May 12, 2006 Price Decline), or (ii) the difference between the purchase price and the selling price.

c) If retained at the end of July 14, 2006 and sold before October 15, 2006, the claim per share shall be the lesser of (i) \$12.19 (May 12, 2006 and July 17, 2006 Price Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

d) If retained or sold, on or after October 15, 2006, the claim per share shall be the lesser of (i) \$12.19 (May 12, 2006 and July 17, 2006 Price Declines), or (ii) the difference between the purchase price per share and \$2.10 per share.

3. For shares of Threshold common stock ***purchased or acquired, on or between April 5, 2006 through May 11, 2006***, the claim per share shall be as follows (the combined claims for this sub-period shall be limited to 70% of the Net Settlement Fund):

a) If sold prior to May 12, 2006, the claim per share is zero.

b) If sold on May 12, 2006 through July 14, 2006, the claim per share shall be the lesser of (i) \$10.56 (May 12, 2006 Price Decline), or (ii) the difference between the purchase price and the selling price.

c) If retained at the end of July 14, 2006 and sold before October 15, 2006, the claim per share shall be the lesser of (i) \$12.19 (May 12, 2006 and July 17, 2006 Price Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

d) If retained or sold, on or after October 15, 2006, the claim per share shall be the lesser of (i) \$12.19 (May 12, 2006 and July 17, 2006 Price Declines), or (ii) the difference between the purchase price per share and \$2.10 per share.

4. For shares of Threshold common stock ***purchased or acquired, on May 12, 2006 through July 14, 2006***, the claim per share shall be as follows (the combined claims for this sub-period shall be limited to 15% of the Net Settlement Fund):

a) If sold prior to July 15, 2006, the claim per share is zero.

b) If retained at the end of July 14, 2006 and sold before October 15, 2006, the claim per share shall be the lesser of (i) \$1.63 (July 17, 2006 Price Decline), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

c) If retained or sold, on or after October 15, 2006, the claim per share shall be the lesser of (i) \$1.63 (July 17, 2006 Price Decline), or (ii) the difference between the purchase price per share and \$2.10 per share.

Date	Closing Price	Average Closing Price
15-Jul-06	N/A	\$1.55
16-Jul-06	N/A	\$1.55
17-Jul-06	\$1.55	\$1.55
18-Jul-06	\$1.54	\$1.55
19-Jul-06	\$1.52	\$1.54
20-Jul-06	\$1.51	\$1.53
21-Jul-06	\$1.49	\$1.52
24-Jul-06	\$1.45	\$1.51
25-Jul-06	\$1.52	\$1.51
26-Jul-06	\$1.56	\$1.52
27-Jul-06	\$1.57	\$1.52
28-Jul-06	\$1.54	\$1.53
31-Jul-06	\$1.62	\$1.53
1-Aug-06	\$1.61	\$1.54
2-Aug-06	\$1.60	\$1.54
3-Aug-06	\$1.62	\$1.55
4-Aug-06	\$1.62	\$1.55
7-Aug-06	\$1.61	\$1.56
8-Aug-06	\$1.58	\$1.56
9-Aug-06	\$1.59	\$1.56
10-Aug-06	\$1.55	\$1.56
11-Aug-06	\$1.56	\$1.56
14-Aug-06	\$1.53	\$1.56
15-Aug-06	\$1.52	\$1.56
16-Aug-06	\$1.55	\$1.56
17-Aug-06	\$1.59	\$1.56
18-Aug-06	\$1.92	\$1.57
21-Aug-06	\$1.98	\$1.59
22-Aug-06	\$2.00	\$1.60
23-Aug-06	\$1.95	\$1.62
24-Aug-06	\$1.89	\$1.63
25-Aug-06	\$1.93	\$1.64
28-Aug-06	\$1.86	\$1.64
29-Aug-06	\$1.95	\$1.65
30-Aug-06	\$2.07	\$1.67
31-Aug-06	\$2.07	\$1.68
1-Sep-06	\$2.00	\$1.69
5-Sep-06	\$2.29	\$1.70
6-Sep-06	\$2.24	\$1.72
7-Sep-06	\$2.15	\$1.73
8-Sep-06	\$2.24	\$1.74
11-Sep-06	\$2.14	\$1.75
12-Sep-06	\$2.30	\$1.77
13-Sep-06	\$2.20	\$1.78
14-Sep-06	\$2.70	\$1.80
15-Sep-06	\$2.78	\$1.82
18-Sep-06	\$2.67	\$1.84
19-Sep-06	\$2.59	\$1.85
20-Sep-06	\$2.55	\$1.87
21-Sep-06	\$2.45	\$1.88
22-Sep-06	\$2.43	\$1.89
25-Sep-06	\$2.37	\$1.90
26-Sep-06	\$2.42	\$1.91
27-Sep-06	\$2.50	\$1.92
28-Sep-06	\$2.82	\$1.94

<u>Date</u>	<u>Closing Price</u>	<u>Average Closing Price</u>
29-Sep-06	\$2.57	\$1.95
2-Oct-06	\$2.61	\$1.96
3-Oct-06	\$2.55	\$1.97
4-Oct-06	\$2.68	\$1.99
5-Oct-06	\$2.89	\$2.00
6-Oct-06	\$2.89	\$2.02
9-Oct-06	\$2.94	\$2.03
10-Oct-06	\$3.03	\$2.05
11-Oct-06	\$2.99	\$2.06
12-Oct-06	\$3.04	\$2.08
13-Oct-06	\$3.20	\$2.10
14-Oct-06	N/A	\$2.10
15-Oct-06	N/A	\$2.10

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Settlement Class Members who held Threshold securities at the beginning of the Settlement Class Period, or who received or made multiple purchases, acquisitions or sales during the Settlement Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, receipts, purchases, acquisitions and sales for purposes of calculating a claim. Under the FIFO method, sales of securities during the Settlement Class Period will be matched, in chronological order, first against securities held at the beginning of the Settlement Class Period. The remaining sales of securities during the Settlement Class Period will then be matched, in chronological order, against securities received, purchased or acquired during the Settlement Class Period.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net loss. All gains and losses (as calculated under the above plan) will be combined and thereafter netted against each other. In addition, no distribution will be made unless the amount of the check is at least \$10.00.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Settlement Class Member, send in a valid claim form, and properly document your claim as requested in the claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than April 15, 2010.

11. When Will I Receive My Payment?

The Court will hold a hearing on April 15, 2010, to decide whether to approve the settlement. If the Court approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

12. What Am I Giving Up to Receive a Payment or Stay in the Settlement Class?

Unless you timely and validly exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court’s orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue the Defendants on your own for the Released Claims in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as opting out of the Settlement Class.

13. How Do I Get Out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from *Twinde v. Threshold Pharmaceuticals, Inc., et al.*, No. 4:07-cv-04972-CW. You must include your name, address, telephone number, your signature, and the number and type of Threshold securities you received, purchased or otherwise acquired between February 4, 2005 and July 14, 2006, the number and type of securities sold during this time period, if any, and the dates of such receipt, purchase, acquisition and sales. You must mail your exclusion request postmarked no later than March 18, 2010 to:

Threshold Pharmaceuticals Securities Litigation
EXCLUSIONS
 Claims Administrator
 c/o Gilardi & Co. LLC
 P.O. Box 8040
 San Rafael, CA 94912-8040

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you timely and validly exclude yourself, you give up any right to sue the Defendants for the Released Claims in this settlement. Remember, the exclusion deadline is March 18, 2010.

15. If I Exclude Myself, Can I Receive Money from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may be able to sue or be part of a different lawsuit involving the Released Claims against the Defendants.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court asked the law firm of Coughlin Stoia Geller Rudman & Robbins LLP to represent you and other Settlement Class Members. These lawyers are called Lead Plaintiff's Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Plaintiffs' Counsel will ask the Court for attorneys' fees of 25% of the Settlement Fund and for expenses up to \$200,000, which were incurred in connection with the litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The expense number above includes \$5,000 which is the maximum aggregate amount of expenses that the Plaintiffs will seek as reimbursement for their time and expenses incurred in representing the Settlement Class.

The attorneys' fees and expenses requested will be the only payment to Plaintiffs' Counsel for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. Plaintiffs' Counsel, including in particular Lead Plaintiff's Counsel, have committed significant time and expenses in litigating this case for the benefit of the Settlement Class. To date, Plaintiffs' Counsel have not been paid for their services in conducting this litigation on behalf of the Plaintiffs and the Settlement Class, nor for their substantial expenses. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Settlement Class Member, you can object to the settlement if you do not like any part of it, or the Plan of Allocation or Plaintiffs' Counsel's request for attorneys' fees. You can state the reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Twinde v. Threshold Pharmaceuticals, Inc., et al.*, No. 4:07-cv-04792-CW. Be sure to include your name, address, telephone number, your signature, the number and type of Threshold securities received, purchased or otherwise acquired and sold between February 4, 2005 and July 14, 2006, and the reasons you object. Any objection must be mailed or delivered such that it is received by **each** of the following no later than March 18, 2010:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
Ronald V. Dellums Federal Building
1301 Clay Street
Oakland, CA 94612

Counsel for Plaintiffs:

Ellen Gusikoff Stewart
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Defendants:

Michael L. Charlson
HOGAN & HARTSON LLP
525 University Avenue, 4th Floor
Palo Alto, CA 94301

19. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you do not like something about the settlement. You can object **only if** you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you do not have to.

20. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 2:00 p.m., on April 15, 2010, at the Ronald V. Dellums Federal Building, 1301 Clay Street, Oakland, California. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Judge will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Plaintiffs' Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

21. Do I Have to Come to the Hearing?

No. Lead Plaintiff's Counsel will answer any questions the Judge may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Twinde v. Threshold Pharmaceuticals, Inc., et al.*, No. 4:07-cv-04972-CW. Be sure to include your name, address, telephone number, your signature, and the number and type of Threshold securities received, purchased or otherwise acquired between February 4, 2005 and July 14, 2006. Your notice of intention to appear must be received no later than March 18, 2010, by the Clerk of the Court, Plaintiffs' Counsel, and Defendants' Counsel, at the three addresses listed in question 18. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

23. What Happens if I Do Nothing at All?

If you do nothing, you will be a Settlement Class Member, but you will not receive any money from this settlement because it is necessary to submit a claim form. However, unless you exclude yourself, you won't be able to start a lawsuit, or be part of any other lawsuit against the Defendants about the Released Claims in this case.

GETTING MORE INFORMATION

24. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated October 30, 2009. You can obtain a copy of the Stipulation of Settlement by writing to Rick Nelson, Shareholder Relations, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk's office at the United States District Court for the Northern District of California, Ronald V. Dellums Federal Building, 1301 Clay Street, Oakland, California, during regular business hours, or by going to www.gilardi.com.

25. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, Shareholder Relations, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the following website: www.gilardi.com.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Threshold publicly traded securities received, purchased or otherwise acquired between February 4, 2005 and July 14, 2006, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such persons; or (2) provide a list of the names and addresses of such persons to the Claims Administrator:

Threshold Pharmaceuticals Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: December 1, 2009

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA