

DOMINION RESOURCES INC /VA/

Form 11-K

June 25, 2015

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

FORM 11-K

(Mark One):

 X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 333-189581

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

DOMINION KEWAUNEE UNION SAVINGS PLAN

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.

120 Tredegar Street

Richmond, VA 23219

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrative Benefits Committee
of Dominion Resources, Inc. and the Participants
of The Dominion Kewaunee Union Savings Plan
Richmond, Virginia

We have audited the accompanying statements of net assets available for benefits of Dominion Kewaunee Union Savings Plan (the Plan) as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The supplemental schedules listed in the Table of Contents have been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental schedules are the responsibility of the Plan s management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in compliance with the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ DELOITTE & TOUCHE LLP

June 25, 2015

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	2014	2013
ASSETS:		
Investments at Fair Value:		
Participant-directed investments	\$ 10,920,662	\$ 12,158,012
Nonparticipant-directed investments	3,295,212	3,321,368
Total investments	14,215,874	15,479,380
Receivables:		
Notes receivable from participants	34,036	53,697
Participant contributions	6,011	22,514
Employer contributions	2,864	5,311
Accrued investment income	1	2
Receivables for securities sold	13,028	0
Total receivables	55,940	81,524
Total assets	14,271,814	15,560,904
LIABILITIES:		
Other liabilities		6,386
Total liabilities		6,386
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	14,271,814	15,554,518
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	(14,030)	(8,682)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 14,257,784	\$ 15,545,836

See notes to financial statements.

Table of Contents**DOMINION KEWAUNEE UNION SAVINGS PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****YEAR ENDED DECEMBER 31, 2014**

ADDITIONS:	
Contributions:	
Participant contributions	\$ 419,279
Employer contributions	183,887
Total contributions	603,166
Investment Income:	
Interest	42
Dividends	174,436
Net appreciation in fair value of investments	916,342
Income from Master Trust	497,308
Total investment income	1,588,128
Interest income on notes receivable from participants	2,040
Total additions	2,193,334
DEDUCTIONS:	
Benefits paid to participants	3,034,943
Administrative expenses	5,355
Total deductions	3,040,298
NET DECREASE IN NET ASSETS BEFORE TRANSFERS	(846,964)
TRANSFER OF PARTICIPANTS ASSETS FROM THE PLAN	(441,088)

NET DECREASE IN NET ASSETS (1,288,052)

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year 15,545,836

End of year \$ 14,257,784

See notes to financial statements.

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DOMINION KEWAUNEE UNION SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2014 AND 2013, AND FOR THE YEAR ENDED DECEMBER 31, 2014

1. DESCRIPTION OF PLAN

The following description of the Dominion Kewaunee Union Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

- a. **General** The Plan is a defined contribution plan covering union-eligible employees of Dominion Energy Kewaunee, Inc. (the Employer) represented by the International Union of Operating Engineers Local 310, who are 18 years of age or older, regular full-time or part-time employees and are scheduled to work at least 1,000 hours per year. Dominion Resources, Inc. (Dominion or the Company) is the designated Plan sponsor. The Plan administrator is Dominion Resources Services, Inc., a subsidiary of Dominion. Effective January 1, 2013, The Northern Trust Company (Northern Trust) succeeded The Bank of New York Mellon (BNY Mellon) as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).
- b. **Contributions** Participants may contribute not less than 1% and not more than 30% of their eligible earnings, all of which may be on a tax-deferred basis. Employee contributions are subject to certain Internal Revenue Code (IRC) limitations. The Employer may, at its discretion, contribute a supplemental contribution of 2% of eligible earnings per pay period in the form of Dominion stock. In addition, the Employer may, at its discretion, contribute base contributions in the form of Dominion stock with a fair market value of 1.7% of the participant's base compensation per pay period. In 2014 and 2013, both supplemental and base Employer contributions were made.
- c. **Participant Accounts** Individual accounts are maintained for each Plan participant. Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Employer contributions, Plan earnings or losses, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant's account.

Individual participant accounts invested in the Dominion Stock Fund, the Common Collective Trust Funds and the separately managed accounts are maintained on a unit value basis. Participants do not have beneficial ownership in specific underlying securities or other assets in the various funds, but have an interest therein represented by units valued as of the last business day of the period. The various funds earn dividends and interest, which are automatically reinvested within the funds except for the Dominion Stock Fund. See Note 1.i. *Flexible Dividend Options* for more information about dividends on the Dominion Stock Fund. Generally, contributions to and withdrawal payments from

each fund are converted to units by dividing the amounts of such transactions by the unit values as last determined, and the participants' accounts are charged or credited with the number of units properly attributable to each participant.

- d. **Participants** Each employee is eligible to participate in the Plan and make employee contributions on an entirely voluntary basis. Participation by an employee becomes effective immediately upon enrollment in the Plan.

- e. **Vesting** Participants become immediately vested in their own contributions and Employer contributions, and the earnings on those amounts.

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f. ***Investment Options***

Participant Contributions Upon enrollment in the Plan, a participant may direct his or her contributions in any option in 1% increments totaling to 100%. Changes in investment options may be made at any time and participant investment election changes become effective with the subsequent pay period. However, if the participant has not made investment directions at the time the contribution is made, the participant contributions will be automatically invested in the Target Date Retirement Trust corresponding with the participant's age (assuming retirement at age 65). The Plan provides for employee contributions to be invested in the following:

- Dominion Stock Fund⁽¹⁾
- Interest in Master Trust⁽²⁾:

Stable Value Fund

Large Cap Value Fund

Large Cap Growth Fund

Russell 2000 Value Index Fund⁽³⁾

Russell 2000 Growth Index Fund⁽³⁾

Real Estate Fund

Intermediate Bond Fund⁽³⁾

S&P 500 Index Fund⁽³⁾

Extended Equity Market Index Fund⁽³⁾

- Common Collective Trusts⁽³⁾:

Target Retirement Income Trust I⁽⁴⁾

Target Retirement 2015 Trust I⁽⁵⁾

Target Retirement 2020 Trust I⁽⁵⁾

Target Retirement 2025 Trust I⁽⁵⁾

Target Retirement 2030 Trust I⁽⁵⁾

Target Retirement 2035 Trust I⁽⁶⁾

Target Retirement 2040 Trust I⁽⁶⁾

Target Retirement 2045 Trust I⁽⁶⁾

Target Retirement 2050 Trust I⁽⁶⁾

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Target Retirement 2055 Trust I⁽⁶⁾

◦ Mutual Fund:

International Equity Fund⁽⁷⁾

- (1) The Fund invests primarily in Dominion common stock.
- (2) See *Plan Interest in Master Trust* in Note 5 for details about the related investment strategies.
- (3) These Funds do not have any unfunded commitments, and do not have any applicable liquidation periods or defined terms/periods to be held. The Plan may generally sell assets from the Trusts to satisfy participant payment obligations (assets are redeemable daily) and may transfer assets from the Trusts to other investment options based on participant elections(overnight liquidity is generally available).
- (4) The Target Retirement Income Trust is designed for investors with an intermediate-term investment horizon (at least three to five years) who are seeking a high level of current income. Normal investment mix includes 70% bonds and 30% stocks.
- (5) These Target Date Retirement Trusts are designed for investors seeking to retire between 2013 and 2032 and to provide for a reasonable level of income and long-term growth of capital and income. Normal investment mix: 2015 Trust I 47% bonds and 53% stocks; 2020 Trust I 38% bonds and 62% stocks; 2025 Trust I 31% bonds and 69% stocks; and 2030 Trust I 23% bonds and 77% stocks.
- (6) These Target Date Retirement Trusts are designed for investors seeking to retire between 2033 and 2057, and who seek long-term growth of capital and income. Normal investment mix: 2035 Trust I 16% bonds and 84% stocks; and 2040 Trust I, 2045 Trust I, 2050 Trust I and 2055 Trust I 10% bonds and 90% stocks.
- (7) The International Equity Fund invests in a diverse group of strong, undervalued companies which the investment manager believes exhibit growing earnings based primarily in Europe and the Pacific Basin, ranging from small firms to large corporations.

Employer Contributions Employer contributions are deposited in the Dominion Stock Fund and are designated as nonparticipant-directed investments. Participants may transfer 100% of the value of their nonparticipant-directed Dominion Stock Fund investments at any time. Upon transfer, such investments are considered participant-directed.

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- g. ***Participant Loans*** Participants are eligible to secure loans against their plan account. Participants are limited to one outstanding primary residence loan and one outstanding general purpose loan with maximum repayment periods of 20 years and 5 years, respectively. The minimum loan amount is \$1,000 and the maximum loan amount is the lesser of:

50% of the vested account balance, or

\$50,000 (reduced by the maximum outstanding loan balance during the prior 12 months)

The loans are interest-bearing at the prime rate of interest plus 2%. The rate is determined at the beginning of each month if a change has occurred in the prime rate. However, the rate is fixed at the inception of the loan for the life of the loan.

Participants make principal and interest payments to the Plan through payroll deductions. Any defaults in loans result in a reclassification of the remaining loan balances as taxable distributions to the participants.

- h. ***Payment of Benefits*** On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 $\frac{1}{2}$. If the participant retires from the Company, he or she may elect to receive installment payments. There were no amounts payable to participants at December 31, 2014 or 2013.
- i. ***Flexible Dividend Options*** Participants are given the choice of (1) receiving cash dividends paid on vested shares held in their Dominion Stock Fund or (2) reinvesting the dividends in the Dominion Stock Fund.
- j. ***Plan Changes*** In April 2014, the Small Cap Value Fund's underlying assets were sold and the units of the Russell 2000 Value Index Fund were purchased within the Master Trust. Northern Trust replaced Lee Munder Capital Group as the fund's investment manager. The passively managed approach for the Russell 2000 Value Index Fund resulted in lower annual management fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. ***Basis of Accounting*** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
- b. ***Use of Estimates*** The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.
- c. ***Risks and Uncertainties*** The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of

risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the value of the participants' account balances and the amounts reported in the financial statements.

- d. ***Valuation of Investments*** The Plan's investments are stated at fair value. See Note 6 for further information on fair value measurements. Investment contracts held by a defined contribution plan are required to be reported at fair value; however, contract value is the relevant measurement attribute for that portion of the net assets available for benefits that is attributable to fully benefit-responsive investment contracts. Contract value is the amount Plan participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan's interest in the Master Trust includes a separately managed Stable Value Fund that is considered to be fully benefit-responsive. The Plan interest in the Master Trust is included at fair value in participant-directed investments in the statements of net assets available for benefits and an additional line item is presented representing the adjustment from fair value to contract value. The statement of changes in net assets available for benefits is prepared using the contract value basis. See Note 5 for further information.

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e. ***Notes Receivable from Participants*** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

f. ***Investment Income*** Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recognized on the ex-dividend date.

Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Net investment income from Common Collective trust fund and mutual fund holdings includes dividend income and realized and unrealized appreciation (depreciation).

Management fees and operating expenses charged to the Plan for investments in Common Collective trust funds and mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

g. ***Administrative Expenses*** As permitted by law, the reasonable administrative costs of the Plan are paid from the Plan's Trust. Dominion pays any administrative costs that are not charged to the Plan. In addition, participants who elect to participate in a financial advisory program offered by the Plan will have administrative fees deducted from their account.

h. ***Payment of Benefits*** Distributions from the Plan are recorded when a participant's valid withdrawal request is distributed by the recordkeeper.

i. ***Transfers*** In addition to the Plan, Dominion also sponsors several other savings plans for employees of Dominion and certain of its subsidiaries which do not participate in this Plan. If participants change employment among Dominion and its covered subsidiaries during the year, their account balances are transferred into the corresponding plan. For the year ended December 31, 2014, the Plan transferred \$441,088 of participants' assets to other plans.

j. ***Excess Contributions Payable*** The Plan is required to return to Plan participants any contributions received during the Plan year in excess of the IRC limits. There were no excess contributions payable at December 31, 2014 and 2013.

Table of Contents**3. INVESTMENTS**

The Plan's investments that represented 5% or more of the Plan's net assets available for benefits as of December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
Dominion Stock Fund:		
Participant-directed 17,875 and 18,207 units, respectively	\$ 1,374,617	\$ 1,177,822
Nonparticipant-directed 42,851 and 51,343 units, respectively	3,295,212	3,321,368
Interest in Stable Value Fund, 68,665 and 82,619 units, respectively	1,619,229	1,922,028
Interest in S&P 500 Index Fund, 45,951 and 57,779 units, respectively	934,671	1,034,087
Interest in Extended Equity Market Index Fund, 29,230 and 34,922 units, respectively	929,225	1,032,807
Interest in Intermediate Bond Fund, 41,142 units in 2014, did not represent 5% or more of the Plan's net assets in 2013	878,849	
International Equity Fund, 17,921 and 23,190 units, respectively	843,882	1,137,001
Interest in Large Cap Growth Fund, 44,992 units in 2014, did not represent 5% or more of the Plan's net assets in 2013	753,093	
Interest in Small Cap Value Fund, 73,155 units in 2013 ⁽¹⁾		779,002

(1) In April 2014, the Small Cap Value Fund's underlying assets were transferred to the Russell 2000 Value Index Fund within the Master Trust. Northern Trust replaced Lee Munder Capital Group as the fund's investment manager.

During the year ended December 31, 2014, the Plan's investments, excluding those held in the Master Trust, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value as follows:

	Year Ended December 31, 2014
Investments at Fair Value:	
Dominion Stock Fund	\$ 808,739
Common Collective Trust Funds:	
Target Retirement Income Trust I	13,381
Target Retirement 2015 Trust I	27,923
Target Retirement 2020 Trust I	8,442
Target Retirement 2025 Trust I	14,731
Target Retirement 2030 Trust I	21,451

Target Retirement 2035 Trust I	18,260
Target Retirement 2040 Trust I	13,439
Target Retirement 2045 Trust I	17,068
Target Retirement 2050 Trust I	7,493
Target Retirement 2055 Trust I	934
	143,122
Mutual Fund:	
International Equity Fund	(35,519)
Net appreciation in fair value of investments	\$ 916,342

Table of Contents**4. NONPARTICIPANT-DIRECTED INVESTMENTS**

Information about net assets and the significant components of changes in net assets relating to nonparticipant-directed investments as of December 31, 2014 and 2013, and for the year ended December 31, 2014, is as follows:

	December 31, 2014	December 31, 2013
Net assets Dominion Stock Fund	\$ 3,295,212	\$ 3,321,368
Year Ended December 31, 2014		
Changes in Net Assets:		
Dividends		\$ 121,597
Net appreciation in fair value of investments		564,530
Employer contributions		183,887
Benefits paid to participants		(315,057)
Administrative expense		(247,533)
Participant transfers out		(333,580)
Net change		(26,156)
Dominion Stock Fund Beginning of year		3,321,368
Dominion Stock Fund End of year		\$ 3,295,212

5. PLAN INTEREST IN MASTER TRUST

The Plan's investments in the Stable Value Fund, the Large Cap Value Fund, the Large Cap Growth Fund, the Russell 2000 Value Index Fund, the Russell 2000 Growth Index Fund, the Real Estate Fund, the Intermediate Bond Fund, the S&P 500 Index Fund and the Extended Equity Market Index Fund are held in a Master Trust that was established for the investment of assets for the Plan and other employee benefit plans of Dominion and its subsidiaries. In April 2014, the Small Cap Value Fund's underlying assets were sold and the units of the Russell 2000 Value Index Fund were purchased within the Master Trust. Northern Trust held the assets of the Master Trust as of December 31, 2014.

Stable Value Fund As of December 31, 2014 and 2013, the Plan's interest in the net assets of the Fund was less than 1%. Investment income and administrative expenses relating to the Fund are allocated to the individual plans based upon average monthly balances invested by each plan. The Fund invests primarily in cash equivalents and two types of synthetic guaranteed investment contracts (GICs) described below, which are stated at fair value and then adjusted to contract value. The fair value of synthetic GICs is based on quoted market prices and a fair value estimate of the

wrapper contract. Fair market value of the wrapper is estimated by Standish Mellon, the Fund's investment manager, using an internal model. Contract value represents contributions made to the fund, plus earnings, less participant withdrawals and administrative expenses.

- (1) *Fixed Maturity Synthetic Guaranteed Investment Contracts* General fixed maturity synthetic GICs consist of an asset or collection of assets that are owned by the Master Trust and a benefit-responsive, book value wrap contract purchased for its portfolio. The wrap contract provides book value accounting for the asset, so that book value, benefit-responsive payments would be made for participant directed withdrawals. The crediting rate of the contract is set at the start of the contract and typically resets every quarter. Generally, fixed maturity synthetic GICs are held to maturity. The crediting rate aims at converging the book value of the contract and the market value of the underlying portfolio over the duration of the contract and therefore will be affected by movements in interest rates and/or changes in the market value of the underlying portfolio. The initial crediting rate is established based on the market interest rates at the time the initial asset is purchased and the contract will have an interest crediting rate not less than 0%. The remaining fixed maturity synthetic GICs matured in 2014.

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Variable synthetic GICs consist of an asset or collection of assets that are managed by a bank or insurance company and are held in a bankruptcy remote vehicle for the benefit of the Fund. The contract is benefit-responsive and provides next day liquidity at book value. The crediting rate on this product resets every quarter based on the then current market index rates and an investment spread. The investment spread is established at time of issuance and is guaranteed by the issuer for the life of the investment.

- (2) *Constant Duration Synthetic Guaranteed Investment Contracts* Constant duration synthetic GICs consist of a portfolio of securities owned by the Master Trust and a benefit-responsive, book value wrap contract purchased for its portfolio. As of December 31, 2014 and 2013, the portfolio of securities includes 1-3 Year Credit Bond Index Fund, 1-3 Year Government Bond Index Fund, Asset-Backed Securities Index Fund, Commercial Mortgage-Backed Securities Index Fund, Government Bond Index Fund, Credit Bond Index Fund and Mortgage-Backed Securities Index Fund. The redemption frequency of the Funds is daily liquidity. The wrap contract amortizes gains and losses of the underlying securities over the portfolio duration, so that book value, benefit-responsive payments will be made for participant directed withdrawals. The crediting rate on a constant duration synthetic GIC resets every quarter based on the book value of the contract, the market yield of the underlying assets, the market value of the underlying assets and the average duration of the underlying assets. The crediting rate aims at converging the book value of the contract and the market value of the underlying portfolio over the duration of the contract and therefore will be affected by movements in interest rates and/or changes in the market value of the underlying portfolio. The initial crediting rate is established based on the market interest rates at the time the underlying portfolio is first put together and the contract will have an interest crediting rate of not less than 0%.

The following are the investment strategies for each portfolio of securities:

1-3 Year Credit Bond Index Fund Each 1-3 Year Credit Bond Index Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the returns of the short-term sector of the United States fixed income market as defined by the Barclays U.S. 1-3 Year Credit Index.

1-3 Year Government Bond Index Fund Each 1-3 Year Government Bond Index Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the returns of the short-term sector of the United States fixed income market as defined by the Barclays 1-3 Year Government Bond Index.

Asset-Backed Securities Index Fund Each Asset-Backed Securities Index Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the total rate of return of the Barclays Aggregate Asset-Backed Securities Index.

Commercial Mortgage-Backed Securities Index Fund Each Commercial Mortgage-Backed Securities Index Fund shall be invested and reinvested primarily in mortgage-backed securities collateralized by loans which are secured by income-producing commercial real estate with the objective of

approximating as closely as practicable the total rate of return of that portion of the Barclays Commercial Mortgage-Backed Securities Index which is included in the Barclays Aggregate Bond Index.

Government Bond Index Fund Each Government Bond Index Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the total rate of return for all outstanding United States Treasury government bonds as defined by the Barclays Government Bond Index. The investment manager, in its discretion, may divide such a Collective Fund into an intermediate-term division consisting of United States government bonds with maturities between one and ten years and a long-term division consisting of United States government bonds with maturities greater than ten years. Each of these divisions shall be accounted for as separate Collective Funds.

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Credit Bond Index Fund Each Credit Bond Index Fund shall be invested and reinvested primarily in debt securities with the objective of approximating as closely as practicable the total rate of return of the United States market for all outstanding investment grade corporate bonds as defined by the Barclays Credit Bond Index. The investment manager, in its discretion, may divide such a Collective Fund into an intermediate-term division consisting of corporate bonds with maturities between one and ten years and a long-term division consisting of corporate bonds with maturities greater than ten years. Each of these divisions shall be accounted for as separate Collective Funds.

Mortgage-Backed Securities Index Fund Each Mortgage-Backed Securities Index Fund shall be invested and reinvested primarily in mortgage-backed securities with the objective of approximating as closely as practicable the total rate of return of the Barclays Mortgage-Backed Securities Index.

Certain Plan-initiated events, such as plan termination, bankruptcy and mergers, may limit the ability of the Plan to transact at contract value. In general, issuers may terminate the contracts and settle at other than contract value if the qualification status of the Plan changes, there is a breach of material obligations under the contract and misrepresentation by the contract holder, or the underlying portfolio fails to conform to the pre-established investment guidelines. The Plan Sponsor does not believe that any events that may limit the ability of the Plan to transact at contract value are probable.

Average yields:	2014	2013
Based on annualized earnings*	1.04%	0.97%
Based on interest rate credited to participants**	0.45%	0.43%

* Computed by dividing the annualized one-day actual earnings of the contract on the last day of the Plan year by the fair value of the investments on the same date.

** Computed by dividing the annualized one-day earnings credited to participants on the last day of the Plan year by the fair value of the investments on the same date.

The following tables present the value of the undivided investments and related investment income in the Stable Value Fund:

	December 31, 2014	December 31, 2013
GICs and Wrapper Contracts	\$ 238,856,879	\$ 232,668,837
Cash equivalents	359,388,357	391,071,046
Receivables	13,604	
Payables	(86,281)	(97,104)
Total at fair value	598,172,559 (5,182,973)	623,642,779 (2,816,999)

Adjustments from fair value to contract value for fully
benefit-responsive investment contracts

Total at contract value	\$ 592,989,586	\$ 620,825,780
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At December 31, 2014 and 2013, the Plan's interest in the net assets at fair value of the Fund was \$1,619,229 and \$1,922,028, respectively.

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80,000(4) 3.13 182,768 2.28

Robert E. Farrell, J.D.

01/03/2007 12/18/2006 55,000(4) 3.13 125,653 2.28

- (1) Each award was granted under the Titan Pharmaceuticals, Inc. 2002 Stock Option Plan.
- (2) All grants were approved by the Compensation Committee on the dates indicated to be granted on the indicated grant date.
- (3) Valuation assumptions are found in our Annual Report on Form 10-K for the year ended December 31, 2007 under Titan Pharmaceuticals, Inc. Consolidated Financial Statements Notes to Financial Statements Note 1 Organization and Summary of Significant Accounting Policies Stock Option Plans.
- (4) These options vest over a two year period with fifty percent vesting on the first anniversary and the remaining fifty percent vesting in twelve equal monthly installments.
- (5) These options vest in twelve equal monthly installments beginning on September 24, 2007.
- (6) These options vest over a four year period with twenty-five percent vesting on the first anniversary and the remaining seventy-five percent vesting in thirty-six equal monthly installments.

Employee Benefits Plans

Stock Option Plans

The principal purpose of the Stock Option Plans is to attract, motivate, reward and retain selected employees, consultants and directors through the granting of stock-based compensation awards. The Stock Option Plans provides for a variety of awards, including non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Code), stock appreciation rights, restricted stock awards, performance-based awards and other stock-based awards.

2002 Stock Option Plan

In July 2002, we adopted the 2002 Stock Option Plan (2002 Plan). The 2002 Plan assumed the options which remain available for grant under our option plans previously approved by stockholders. Under the 2002 Plan and predecessor plans, a total of approximately 6.4 million shares of our common stock were authorized for issuance to employees, officers, directors, consultants, and advisers. Options granted under the 2002 Plan and predecessor plans may either be incentive stock options within the meaning of Section 422 of the Internal Revenue Code and/or options that do not qualify as incentive stock options; however, only employees are eligible to receive incentive stock options. Options granted under the option plans generally expire no later than ten years from the date of grant, except when the grantee is a 10% shareholder, in which case the maximum term is five years from the date of grant. Options generally vest at the rate of one fourth after one year from the date of grant and the remainder ratably over the subsequent three years, although options with different vesting terms are granted from time-to-time. Generally, the exercise price of any options granted under the 2002 Plan must be at least 100% of the fair market value of our common stock on the date of grant, except when the grantee is a 10% shareholder, in which case the exercise price shall be at least 110% of the fair market value of our common stock on the date of grant.

In August 2005, we adopted an amendment to the 2002 Stock Option Plan (2002 Plan) to (i) permit the issuance of Shares of restricted stock and stock appreciation rights to participants under the 2002 Plan, and (ii) increase the number of Shares issuable pursuant to grants under the 2002 Plan from 2,000,000 to 3,000,000.

2001 Stock Option Plan

In August 2001, we adopted the 2001 Employee Non-Qualified Stock Option Plan (2001 NQ Plan) pursuant to which 1,750,000 shares of common stock were authorized for issuance for option grants to employees and consultants who are not officers or directors of Titan. Options granted under the option plans generally expire no later than ten years from the date of grant. Option vesting schedule and exercise price are determined at time of grant by the Board of Directors. Generally, the exercise prices of options granted under the 2001 NQ Plan were 100% of the fair market value of our common stock on the date of grant.

Administration. The Stock Option Plans are administered by our Compensation Committee. The Compensation Committee may in certain circumstances delegate certain of its duties to one or more of our officers. The Compensation Committee has the power to interpret the Stock Option Plans and to adopt rules for the administration, interpretation and application of the plans according to their terms.

Grant of Awards; Shares Available for Awards. Certain employees, consultants and directors are eligible to be granted awards under the plans. The Compensation Committee will determine who will receive awards under the plans, as well as the form of the awards, the number of shares underlying the awards, and the terms and conditions of the awards consistent with the terms of the plans.

A total of approximately 8.3 million shares of our common stock are available for issuance or delivery under our existing Stock Option Plans. The number of shares of our common stock issued or reserved pursuant to the Stock Option Plans will be adjusted at the discretion of our Board or the Compensation Committee as a result of stock splits, stock dividends and similar changes in our common stock. In addition, shares subject to grant under our prior option plans (including shares under such plans that expire unexercised or are forfeited, terminated, canceled or withheld for income tax withholding) shall be merged and available for issuance under the 2002 Stock Option Plan, without reducing the aggregate number of shares available for issuance reflected above.

Stock Options. The Stock Option Plans permit the Compensation Committee to grant participants incentive stock options, which qualify for special tax treatment in the United States, as well as non-qualified stock options. The Compensation Committee will establish the duration of each option at the time it is granted, with a maximum ten-year duration for incentive stock options, and may also establish vesting and performance requirements that must be met prior to the exercise of options. Stock option grants (other than incentive stock option grants) also may have exercise prices that are less than, equal to or greater than the fair market value of our common stock on the date of grant. Incentive stock options must have an exercise price that is at least equal to the fair market value of our common stock on the date of grant. Stock option grants may include provisions that permit the option holder to exercise all or part of the holder's vested options, or to satisfy withholding tax liabilities, by tendering shares of our common stock already owned by the option holder for at least six months (or another period consistent with the applicable accounting rules) with a fair market value equal to the exercise price.

Stock Appreciation Rights. The Compensation Committee may also grant stock appreciation rights, which will be exercisable upon the occurrence of certain contingent events. Stock appreciation rights entitle the holder upon exercise to receive an amount in any combination of cash, shares of our common stock (as determined by the Compensation Committee) equal in value to the excess of the fair market value of the shares covered by the stock appreciation right over the exercise price of the right, or other securities or property owned by us.

Other Equity-Based Awards. In addition to stock options and stock appreciation rights, the Compensation Committee may also grant certain employees, consultants and directors shares of restricted stock, with terms and

conditions as the Compensation Committee may, pursuant to the terms of the Stock Option Plan, establish. The Stock Option Plan does not allow awards to be made under terms and conditions which would cause such awards to be treated as deferred compensation subject to the rules of Section 409A of the Code.

Change-in-Control Provisions. In connection with the grant of an award, the Compensation Committee may provide that, in the event of a change in control, any outstanding awards that are unexercisable or otherwise unvested will become fully vested and immediately exercisable.

Amendment and Termination. The Compensation Committee may adopt, amend and rescind rules relating to the administration of the Stock Option Plans, and amend, suspend or terminate the Stock Option Plans, but no amendment will be made that adversely affects in a material manner any rights of the holder of any award without the holder's consent, other than amendments that are necessary to permit the granting of awards in compliance with applicable laws. We have attempted to structure the Stock Option Plans so that remuneration attributable to stock options and other awards will not be subject to a deduction limitation contained in Section 162(m) of the Code.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying outstanding plan awards for each named executive officer as of December 31, 2007.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Unexercisable			
Marc Rubin, M.D.		1,500,000(5)		\$ 2.40	10/01/2017
Louis R. Bucalo, M.D.	59,200			5.30	6/10/2008
	433,088			7.50	6/19/2008
	5,000			4.14	7/24/2008
	71,500			3.63	1/4/2009
	28,000			3.69	2/4/2009
	27,531			0.08	3/10/2009
	5,000			9.06	8/30/2009
	400,000			12.69	11/23/2009
	20,000			43.63	8/28/2010
	72,000			22.98	1/8/2011
	69,000			11.63	8/9/2011
	5,000			11.50	8/10/2011
	150,000			8.77	1/16/2012
	20,000			1.71	8/16/2012
	80,000			1.50	3/1/2013
	5,000			3.29	10/31/2013
	75,000			3.69	2/9/2014
	17,187	2,813(1)		2.37	9/1/2014
	100,000			2.62	2/7/2015
	5,000			2.05	8/9/2015
	186,874	8,126(2)		1.40	1/3/2016
	6,666	13,334(3)		2.35	8/29/2016
	5,000			2.48	9/5/2016
		115,000(2)		3.13	1/3/2017
	1,250	3,750(4)		2.04	9/24/2017

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Sunil Bhonsle	41,600		5.30	6/10/2008
	165,158		7.50	6/19/2008
	55,600		3.63	1/4/2009
	21,000		3.69	2/4/2009
	184,000		12.69	11/23/2009
	42,000		22.98	1/8/2011
	31,500		11.63	8/9/2011
	90,000		8.77	1/16/2012
	50,000		1.50	3/1/2013
	60,000		3.69	2/9/2014
	70,000		2.62	2/7/2015
	129,374	5,626(2)	1.40	1/3/2016
	6,666	13,334(3)	2.35	8/29/2016
	80,000(2)	3.13	1/3/2017	
Robert E. Farrell, J.D.	66,000		12.68	11/23/2009
	30,000		22.98	1/8/2011
	22,500		11.63	8/9/2011
	60,258		3.77	6/4/2012
	68,294		1.71	8/16/2012
	35,000		1.50	3/1/2013
	35,000		3.69	2/9/2014
	45,000		2.62	2/7/2015
	64,687	2,813(2)	1.40	1/3/2016
28,125	16,875(2)	2.09	9/21/2016	
	55,000(2)	3.13	1/3/2017	

- (1) These options vest in forty-eight equal monthly installments beginning on September 1, 2004.
- (2) These options vest over a two year period with fifty percent vesting on the first anniversary and the remaining fifty percent vesting in twelve equal monthly installments.
- (3) These options vest in forty-eight equal monthly installments beginning on August 29, 2006.
- (4) These options vest in twelve equal monthly installments beginning on September 24, 2007.
- (5) These options vest over a four year period with twenty-five percent vesting on the first anniversary and the remaining seventy-five percent vesting in thirty-six equal monthly installments.

There were no option exercises by our named executive officers in 2007. To date, we have not granted any stock awards to our named executive officers.

Pension Benefits

We do not sponsor any qualified or non-qualified defined benefit plans.

Nonqualified Deferred Compensation

We do not maintain any non-qualified defined contribution or deferred compensation plans. The Compensation Committee, which is comprised solely of outside directors as defined for purposes of Section 162(m) of the Code, may elect to provide our officers and other employees with non-qualified defined contribution or deferred compensation benefits if the Compensation Committee determines that doing so is in our best interests. We sponsor a tax qualified defined contribution 401(k) plan in which Dr. Rubin, Dr. Bucalo, Mr. Bhonsle, and Mr. Farrell participate.

Employment Agreements

Employment Agreement with Marc Rubin

We are party to an employment agreement with Dr. Rubin that provides for an annual salary of \$415,000 and an annual discretionary bonus of 0-50% based on the achievement of individual and company performance goals to be established by Dr. Rubin in consultation with senior management and approved by our Board of Directors. Upon joining Titan, Dr. Rubin received options to acquire 1,500,000 shares of our common stock, which vest monthly over a four-year period, subject to a requirement of at least 12 months of employment for the vesting of any options. Notwithstanding the foregoing, all unvested options automatically will become vested and exercisable immediately prior to the occurrence of a change of control. Dr. Rubin's employment may be terminated by either party at any time for any reason by giving written notice to the other party. In the event his employment is terminated by us without Cause or by Dr. Rubin for Good Reason, or in the event of his death of Disability (as such terms are defined in the agreement), Dr. Rubin will be entitled to 12 months' severance and if such termination occurs during the first year of employment, 25% of the options granted to Dr. Rubin will become immediately vested and exercisable. If such termination occurs after five years of employment, he will be entitled to 24 months' severance.

Employment Agreement with Louis R. Bucalo

In connection with the restructuring of management, we entered into an agreement with Dr. Louis Bucalo pursuant to which he will continue to serve as Executive Chairman for an annual salary of \$375,000 during the first two years of the agreement and \$187,500 thereafter. Dr. Bucalo will be eligible for an annual discretionary bonus based on performance criteria to be established by the Board of Directors. Dr. Bucalo's employment may be terminated by either party at any time for any reason by giving written notice to the other party. In the event his employment is terminated by the Company without Cause or by Dr. Bucalo for Good Reason, or in the event of his death of Disability (as such terms are defined in the agreement), Dr. Bucalo will be entitled to 24 months' severance, the 150,000 options he was granted in January 2008 will vest in full immediately, and all of his other options will continue to vest in accordance with their respective vesting schedules during such 24-month period.

Employment Agreements with Other Executive Officers

We are party to employment agreements with Sunil Bhonsle and Robert E. Farrell which were amended in December 2007 in order to maintain parity with the agreement with Drs. Rubin and Bucalo described above. The employment agreements generally provide for a base salary and eligibility to receive an annual performance bonus up to a specified percentage of base salary. The actual amount of the annual bonus is discretionary and determined based upon the executive's performance, our performance and certain performance targets approved by our Compensation Committee. The agreements also grant options to purchase shares of common stock and contain customary non-competition and non-solicitation provisions.

The agreements provide that such individuals will be entitled to 12 months' severance in the event that their employment is terminated by us without Cause or by them for Good Reason, as such terms are defined in the agreements or six months in the event of their death or disability. The agreements provide for the continued vesting of the employees' stock options during the severance period in the event of termination without Cause or for Good Reason.

Potential Payments Upon Termination or Change in Control

Assuming the employment of our named executive officers were to be terminated without cause or for good reason, as of December 31, 2007, the following individuals would be entitled to payments in the amounts set forth opposite to their name in the below table:

	Cash Severance
Marc Rubin, M.D.	\$34,583 per month for 24 months
Louis R. Bucalo, M.D.	\$31,250 per month for 24 months
Sunil Bhonsle	\$24,825 per month for 12 months
Robert E. Farrell, J.D.	\$20,725 per month for 12 months

We are not obligated to make any cash payments to these executives if their employment is terminated by us for cause or by the executive not for good reason. Severance or benefits, as defined under Employment Agreements, are provided for the executive officers in the event of death or disability. A change in control does not affect the amount or timing of these cash severance payments.

Assuming the employment of our named executive officers were to be terminated without cause or for good reason, each as of December 31, 2007, the following individuals would be entitled to accelerated vesting of their outstanding stock options described in the table below:

	Value of Equity Awards: Termination Without Cause or For Good Reason (1)	Value of Equity Awards: In Connection With a Change in Control (1)
Marc Rubin, M.D.	None	Fully Vested. 1,500,000 options with no value
Louis R. Bucalo, M.D.	None	Fully Vested. 143,023 options with value of \$2,275
Sunil Bhonsle	None	Fully Vested. 98,960 options with value of \$1,575
Robert E. Farrell, J.D.	None	Fully Vested. 74,688 options with value of \$788

- (1) Values are based on the aggregate difference between the respective exercise prices and the closing sale price of our common stock on December 31, 2007, which was \$1.68 per share.

DIRECTOR COMPENSATION

Summary of Director Compensation

Non-employee directors are entitled to receive a fee for each meeting attended and all directors are entitled to receive stock options pursuant to our stockholder-approved stock option plans, including an initial grant of 10,000 options upon becoming a director, a biennial grant of 20,000 options thereafter, and an annual grant of 5,000 options for each committee on which they serve. During 2007, each director was granted an annual option to purchase 5,000 shares of our common stock at an exercise price of \$2.04, which was equal to the fair market value of our common stock at date of grant, with respect to each committee of the Board on which each director served. In addition to having their out-of-pocket expenses reimbursed, non-employee directors received \$2,500 for each Board of Directors meeting attended in 2007. Directors are not precluded from serving us in any other capacity and receiving compensation therefore. Non-employee directors also receive an annual retainer fee of \$5,000 in addition to the fee received for each meeting attended. Commencing in 2008, the annual retainer paid to non-employee directors will increase from \$5,000 to \$15,000 and the biennial grant of 20,000 options will be replaced with an annual grant of 10,000 options to align the grants with the term of the directors.

The following table summarizes compensation that our directors earned during 2007 for services as members of our Board.

Name	Fees Earned or Paid in Cash (\$)	Options Awards \$(1)	All Other Compensation (\$)	Total (\$)
Victor J. Bauer, Ph.D.	15,000			15,000
Eurelio M. Cavalier	15,000	20,817		35,817
Hubert E. Huckel, M.D.	15,000	20,817		35,817
Joachim Friedrich Kapp, M.D., Ph.D.	15,000			15,000
M. David MacFarlane, Ph.D.	15,000	13,878		28,878
Ley S. Smith	15,000	20,817		35,817
Konrad M. Weis, Ph.D.	15,000	13,878		28,878

- (1) Valuation based on the dollar amount of option grants recognized for financial statement reporting purposes pursuant to FAS 123(R) with respect to 2007. The assumptions we used with respect to the valuation of option grants are set forth in our Annual Report on Form 10-K for the year ended December 31, 2007 under Titan Pharmaceuticals Inc. Consolidated Financial Statements Notes to Financial Statements Note 1 Summary of Significant Accounting Policies Stock-Based Compensation. The aggregate option awards outstanding for each person in the table set forth above as of December 31, 2007 are as follows:

Name	Vested	Unvested	Exercise Price
Victor J. Bauer, Ph.D.	264,394	16,356	\$ 10.41
Eurelio M. Cavalier	167,394	27,606	\$ 7.56
Hubert E. Huckel, M.D.	194,686	27,814	\$ 9.40
Joachim Friedrich Kapp, M.D., Ph.D.	16,666	13,334	\$ 2.23
M. David MacFarlane, Ph.D.	76,353	23,647	\$ 2.55
Ley S. Smith	164,894	27,606	\$ 9.50
Konrad M. Weis, Ph.D.	146,561	24,064	\$ 10.24

The grant date fair values of option grants to our directors in 2007 are as follows:

Name	Options	Grant Date	Grant Date Fair Value (\$)
Eurelio M. Cavalier	15,000	9/24/2007	\$ 20,817
Hubert E. Huckel, M.D.	15,000	9/24/2007	20,817
M. David MacFarlane, Ph.D.	10,000	9/24/2007	13,878
Ley S. Smith	15,000	9/24/2007	20,817
Konrad M. Weis, Ph.D.	10,000	9/24/2007	13,878

Assumptions for calculating the grant date fair values are found in our Annual Report on Form 10-K for the year ended December 31, 2007 under Titan Pharmaceuticals Inc. Consolidated Financial Statements Notes to Financial Statements Note 1 Summary of Significant Accounting Policies Stock-Based Compensation.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregate information regarding our equity compensation plans in effect as of December 31, 2007:

Plan category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (c)
Equity compensation plans approved by security holders	5,208,004	\$ 6.52	841,496
Equity compensation plans not approved by security holders (1)(2)	3,215,769	\$ 5.28	355,197
Total	8,423,773	\$ 6.05	1,196,693

- (1) In August 2002, we amended our 2001 Employee Non-Qualified Stock Option Plan. Pursuant to this amendment, a total of 1,750,000 shares of common stock were reserved and authorized for issuance for option grants to employees and consultants who are not officers or directors of Titan.
- (2) In November 1999 and in connection with the redemption of warrants, we granted 813,000 non-qualified stock options outside of our stock option plans to our executive officers, at an exercise price of \$12.69, vesting equally over 36 months from the date of grant.
- For a discussion of our option plans, see Executive Compensation Employee Benefit Plans.

Certain Relationships
Certain Relationships and Related Transactions.

None.

AUDIT RELATED MATTERS

Report of the Audit Committee

The Audit Committee consists of three directors, Ley S. Smith, M. David MacFarlane and Hubert E. Huckel, each of whom meets the independence requirements and standards currently established by the American Stock Exchange and the SEC. The Audit Committee operates under a written charter, a copy of which was included with this proxy statement.

The Audit Committee oversees the Company's financial control and reporting processes on behalf of the Board of Directors. Management is responsible for the financial reporting process including the systems of internal control, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States. The independent auditors are responsible for planning and performing an audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States and for auditing management's assessment of internal control over financial reporting. The independent auditor is responsible for expressing an opinion on those financial statements and on management's assessment and the effectiveness of internal control over financial reporting based on their audit.

In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007 with management and the independent auditors, including a discussion of the adoption of accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements and those matters required to be discussed under SAS 61, as amended by SAS 90. In addition, the Audit Committee has received the written disclosures and letter from the independent auditors as required by Independence Standards Board No. 1, and has discussed with the independent auditors the auditors independence from management and the Company including the matters in the written disclosures required by the Independence Standards Board No.1.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the SEC. The Audit Committee and the Board have also recommended, subject to stockholder approval, the selection of Odenberg, Ullakko, Muranishi & Co. LLP as the Company's independent auditors for the fiscal year ending December 31, 2008.

Ley S. Smith, Chair

Hubert E. Huckel, M.D.

M. David MacFarlane, Ph.D.

- (1) The material in the above Audit Committee reports is not soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this proxy statement and irrespective of any general incorporation language in such filing.

Principal Accountant Fees and Services

Aggregate fees billed by Odenberg, Ullakko, Muranishi & Co. LLP, an independent registered public accounting firm, during the fiscal years ended December 31, 2007 and 2006 were as follows:

	2007	2006
Audit Fees	\$ 217,662	\$ 211,600
Audit-Related Fees	10,500	3,000
Tax Fees	37,064	27,590
All Other Fees		
Total	\$ 265,226	\$ 242,190

Audit Fees This category includes aggregate fees billed by our independent auditors for the audit of our annual financial statements, audit of management's assessment and effectiveness of internal controls over financial reporting, review of financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the auditor in connection with statutory and regulatory filings for those fiscal years.

Audit-Related Fees This category consists of services by our independent auditors that, including accounting consultations on transaction related matters, are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees.

Tax Fees This category consists of professional services rendered for tax compliance and preparation of our corporate tax returns and other tax advice.

All Other Fees During the years ended December 31, 2007 and 2006, Odenberg, Ullakko, Muranishi & Co. LLP did not incur any fees for other professional services.

The Audit Committee reviewed and approved all audit and non-audit services provided by Odenberg, Ullakko, Muranishi & Co. LLP and concluded that these services were compatible with maintaining its independence. The Audit Committee approved the provision of all non-audit services by Odenberg, Ullakko, Muranishi & Co. LLP.

Pre-Approval Policies and Procedures

In accordance with the SEC's auditor independence rules, the Audit Committee has established the following policies and procedures by which it approves in advance any audit or permissible non-audit services to be provided to Titan by its independent auditor.

Prior to the engagement of the independent auditors for any fiscal year's audit, management submits to the Audit Committee for approval lists of recurring audit, audit-related, tax and other services expected to be provided by the independent auditors during that fiscal year. The Audit Committee adopts pre-approval schedules describing the recurring services that it has pre-approved, and is informed on a timely basis, and in any event by the next scheduled meeting, of any such services rendered by the independent auditor and the related fees.

The fees for any services listed in a pre-approval schedule are budgeted, and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year. The Audit Committee will require additional pre-approval if circumstances arise where it becomes necessary to engage the independent auditor for additional services above the amount of fees originally pre-approved. Any audit or non-audit service not listed in a pre-approval schedule must be separately pre-approved by the Audit Committee on a case-by-case basis.

Every request to adopt or amend a pre-approval schedule or to provide services that are not listed in a pre-approval schedule must include a statement by the independent auditors as to whether, in their view, the request is consistent with the SEC's rules on auditor independence.

The Audit Committee will not grant approval for:

any services prohibited by applicable law or by any rule or regulation of the SEC or other regulatory body applicable to Titan;

provision by the independent auditors to Titan of strategic consulting services of the type typically provided by management consulting firms; or

the retention of the independent auditors in connection with a transaction initially recommended by the independent auditors, the tax treatment of which may not be clear under the Internal Revenue Code and related regulations and which it is reasonable to conclude will be subject to audit procedures during an audit of Titan's financial statements.

Tax services proposed to be provided by the auditor to any director, officer or employee of Titan who is in an accounting role or financial reporting oversight role must be approved by the Audit Committee on a case-by-case basis where such services are to be paid for by Titan, and the Audit Committee will be informed of any services to be provided to such individuals that are not to be paid for by Titan.

In determining whether to grant pre-approval of any non-audit services in the all other category, the Audit Committee will consider all relevant facts and circumstances, including the following four basic guidelines:

whether the service creates a mutual or conflicting interest between the auditor and the Company;

whether the service places the auditor in the position of auditing his or her own work;

whether the service results in the auditor acting as management or an employee of the Company; and

whether the service places the auditor in a position of being an advocate for the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of April 2, 2008, certain information concerning the beneficial ownership of our common stock by (i) each stockholder known by us to own beneficially five percent or more of our outstanding common stock; (ii) each director; (iii) each executive officer; and (iv) all of our executive officers and directors as a group, and their percentage ownership and voting power.

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned (2)	Percent of Shares Beneficially Owned
Marc Rubin, M.D.	130,000	*
Louis R. Bucalo, M.D.	2,488,130(3)	4.3%
Victor J. Bauer, Ph.D.	277,206(4)	*
Sunil Bhonsle	1,169,334(5)	2.0%
Eurelio M. Cavalier	207,811(6)	*
Robert E. Farrell, J.D.	624,298(7)	1.1%
Hubert Huckel, M.D.	271,354(8)	*
Dr. Joachim Friedrich Kapp, M.D., Ph.D.	68,750(9)	*
M. David MacFarlane, Ph.D.	94,478(10)	*
Ley S. Smith	185,311(11)	*
Konrad M. Weis, Ph.D.	213,802(12)	*
Arnhold and S. Bleichroeder Advisors, LLC	6,916,899(13)	11.9%
Jennison Associates, LLC	5,700,000(14)	9.8%
Prudential Financial, Inc.	8,553,700(15)	14.7%
All executive officers and directors as a group (11) persons	5,730,474	9.8%

* Less than one percent.

- (1) Unless otherwise indicated, the address of such individual is c/o Titan Pharmaceuticals, Inc., 400 Oyster Point Boulevard, Suite 505, South San Francisco, California 94080.
- (2) In computing the number of shares beneficially owned by a person and the percentage ownership of a person, shares of our common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of April 2, 2008 are deemed outstanding. Such shares, however, are not deemed outstanding for purposes of computing the percentage ownership of each other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.
- (3) Includes 1,938,130 shares issuable upon exercise of outstanding options.
- (4) Includes 268,562 shares issuable upon exercise of outstanding options.
- (5) Includes 1,007,940 shares issuable upon exercise of outstanding options.
- (6) Includes 177,811 shares issuable upon exercise of outstanding options.
- (7) Includes 503,718 shares issuable upon exercise of outstanding options.
- (8) Includes (i) 205,311 shares issuable upon exercise of outstanding options, (ii) 200 shares held by Dr. Huckel's son, and (iii) 3,643 shares held by his wife.
- (9) Includes 18,750 shares issuable upon exercise of outstanding options.
- (10) Includes 84,478 shares issuable upon exercise of outstanding options.
- (11) Includes 175,311 shares issuable upon exercise of outstanding options.
- (12) Includes 155,013 shares issuable upon exercise of outstanding options.
- (13) Derived from a Schedule 13G filed by Arnhold and S. Bleichroeder Advisors, LLC on January 8, 2008.
- (14) Derived from a Schedule 13G filed by Jennison Associates, LLC on March 10, 2008.
- (15) Derived from a Schedule 13G filed by Prudential Financial, Inc. on January 10, 2008.

PROPOSAL NO. 2

Approval of an amendment to our

Certificate of Incorporation to increase the authorized

number of Shares to 125,000,000 from 75,000,000.

On February 7, 2008, our Board of Directors unanimously adopted a resolution approving a proposal to amend our Amended and Restated Certificate of Incorporation to increase the number of Shares that we are authorized to issue from 75,000,000 to 125,000,000 (the Amendment), subject to stockholder approval at the Annual Meeting.

A form of the Amendment is attached to this Proxy Statement as Appendix A. The additional 50,000,000 shares of Common Stock, if and when issued, will have the same rights and privileges as the shares of Common Stock presently issued and outstanding. Each holder of Common Stock is entitled to one vote per share on all matters submitted to a vote of stockholders. The Common Stock does not have cumulative voting rights. The holders of Common Stock share ratably on a per share basis in any dividends when, as and if declared by the Board of Directors out of funds legally available therefor and in all assets remaining after the payment of liabilities in the event of the liquidation, dissolution or winding up of the Company. There are no preemptive or other subscription rights, conversion rights or redemption or sinking fund provisions with respect to the Common Stock.

Purposes and certain possible effects of

increasing the number of authorized Shares

Our Amended and Restated Certificate of Incorporation, as amended to date, authorizes us to issue 75,000,000 Shares and 5,000,000 shares of preferred stock, \$0.001 par value per share.

As of the Record Date we had issued and outstanding 58,281,460 Shares and no shares of preferred stock issued and outstanding. At that date, there were an additional 6,650,000 shares issuable upon the exercise of warrants, 750,000 Shares issuable upon the occurrence of certain events in connection with our acquisition of Developmental Therapeutics Inc. and 9,159,173 Shares issuable or available for issuance pursuant to our stock option plans.

At December 31, 2007, we had \$30.0 million of cash, cash equivalents, and marketable securities compared to \$13.7 million at December 31, 2006. We expect to continue to incur substantial additional operating losses from costs related to continuation and expansion of product and technology development, clinical trials, and administrative activities. However, we believe that we currently have sufficient working capital to sustain our planned operations thru the end of 2008. We will need to seek additional financing to continue our product development activities (for which we will require additional shares of Common Stock authorized for issue), and will be required to obtain substantial funding to commercialize any products other than iloperidone or Spheramine that we may successfully develop. Although we do not have any agreements, arrangements or understandings with respect to the issuance of the shares to be authorized by the proposed amendment, we are exploring various financing alternatives and it is likely that any additional capital we are seeking to raise will be through the sale of the Shares or securities exercisable for or convertible into Shares, including a portion of the Shares that would be authorized by the adoption of the amendment to our Amended and Restated Certificate of Incorporation.

The Board of Directors believes that the increase in the number of authorized Shares at this time will provide us with the flexibility to execute our business plan by having an adequate number of authorized but unissued Shares available to facilitate potential equity financings, acquisitions, business combinations, stock dividends, stock options, stock splits, recapitalizations and other general corporate purposes, without the expense or delay attendant in seeking stockholder approval at a special or annual meeting at a time when such Shares

would be needed (except as may be required by law or by any stock exchange or over-the-counter market on which our securities may then be listed).

The failure to approve the proposal will limit our ability to finance our working capital needs and may prevent us from executing business activities and initiatives proposed by management and approved by the Board of Directors. If this proposal is approved, prior to any issuance of Shares, the Board of Directors will consider factors including, among others, management's proposed business plan, the then current market price of the Shares, the proposed offering price of the Shares, the potential dilution to our stockholders, our working capital needs, and the terms and availability of alternative sources of financing.

Although it is not the purpose of the proposed Amendment, the authorized but unissued Shares also could be used by the Board of Directors to discourage, delay or make more difficult a change in control of the Company. The Board of Directors is not aware of any pending or proposed effort to acquire control of the Company.

The proposed Amendment will not affect the rights of existing holders of Shares except to the extent that any future issuances of Shares will reduce each existing stockholder's proportionate ownership of our equity.

If the proposed Amendment is approved, it will become effective upon the filing of the Amendment with the Secretary of State of the State of Delaware.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO INCREASE THE AUTHORIZED SHARES FROM 75,000,000 TO 125,000,000.

PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT AUDITORS

Subject to ratification by the stockholders, the Audit Committee has reappointed Odenberg, Ullakko, Muranishi & Co. LLP as independent auditors to audit the financial statements of the Company for the fiscal year ending December 31, 2008.

A representative of Odenberg, Ullakko, Muranishi & Co. LLP is expected to be present at the annual meeting, with the opportunity to make a statement, if he or she desires to do so, and is expected to be available to respond to appropriate questions.

If the selection of Odenberg, Ullakko, Muranishi & Co. LLP is not ratified, or if prior to the next annual meeting of stockholders such firm shall decline to act or otherwise become incapable of acting, or if its engagement shall be otherwise discontinued by the Board of Directors, the Board of Directors will appoint other independent auditors whose selection for any period subsequent to the next annual meeting will be subject to stockholder ratification at such meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF APPOINTMENT OF ODENBERG, ULLAKKO, MURANISHI & CO. LLP AS TITAN S INDEPENDENT AUDITORS FOR 2008.

GENERAL

Management does not know of any matters other than those stated in this Proxy Statement that are to be presented for action at the meeting. If any other matters should properly come before the meeting, it is intended that proxies in the accompanying form will be voted on any such other matters in accordance with the judgment of the persons voting such proxies. Discretionary authority to vote on such matters is conferred by such proxies upon the persons voting them.

Titan will bear the cost of preparing, printing, assembling and mailing the proxy, Proxy Statement and other material which may be sent to stockholders in connection with this solicitation. It is contemplated that brokerage houses will forward the proxy materials to beneficial owners at our request. In addition to the solicitation of proxies by use of the mail, officers and regular employees of Titan may solicit proxies without additional compensation, by telephone or telegraph. We may reimburse brokers or other persons holding stock in their names or the names of their nominees for the expenses of forwarding soliciting material to their principals and obtaining their proxies.

Titan will provide without charge to each person being solicited by this Proxy Statement, on the written request of any such person, a copy of our Annual Report on Form 10-K for the year ended December 31, 2007 (as filed with the SEC) including the financial statements thereto. All such requests should be directed to Sunil Bhonsle, 400 Oyster Point Boulevard, Suite 505, South San Francisco, California 94080.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Board of Directors maintains a process for stockholders to communicate with the Board. Stockholders wishing to communicate with the Board or any individual director must mail a communication addressed to the Board or the individual director to the Board of Directors, c/o Titan Pharmaceuticals, Inc., 400 Oyster Point Boulevard, Suite 505, South San Francisco, California 94080. Any such communication must state the number of shares of common stock beneficially owned by the stockholder making the communication. All of such communications will be forwarded to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is clearly of a marketing nature or is unduly hostile, threatening, illegal, or similarly inappropriate, in which case the Company has the authority to discard the communication or take appropriate legal action regarding the communication.

WHERE YOU CAN FIND MORE INFORMATION

Titan files annual, quarterly and current reports, proxy statements and other documents with the SEC under the Exchange Act. Titan's SEC filings made electronically through the SEC's EDGAR system are available to the public at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, NE, Room 1580, Washington, DC 20549. Please call the SEC at (800) SEC-0330 for further information on the operation of the public reference room.

STOCKHOLDER PROPOSALS

The Annual Meeting of Stockholders for the fiscal year ending December 31, 2008 is expected to be held in May 2009. Any stockholder proposal intended to be included in the Company's proxy statement and form of proxy for presentation at the 2009 Annual Meeting of Stockholders (the 2009 Meeting) pursuant to Rule 14a-8 (Rule 14a-8), as promulgated under the Securities Exchange Act of 1934, must be received by the Company not later than December 8, 2008. As to any proposals submitted for presentation at the 2009 Meeting outside the processes of Rule 14a-8, the proxies named in the form of proxy for the 2009 Meeting will be entitled to exercise discretionary authority on that proposal unless the Company receives notice of the matter on or before February 21, 2009.

By Order of the Board of Directors,

Marc Rubin

President and Chief Executive Officer

Dated: April 3, 2008

APPENDIX A

Form of Proposed Amendment to Article Fourth of the Company's Certificate of Incorporation.

**CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
TITAN PHARMACEUTICALS, INC.**

It is hereby certified as follows:

The name of the corporation is: Titan Pharmaceuticals, Inc. (the *Corporation*).

The certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 7, 1992 (the *Certificate of Incorporation*).

The Certificate of Incorporation is hereby amended by striking Article FOURTH thereof in its entirety and substituting in lieu thereof a new Article FOURTH, which shall read in its entirety as follows:

FOURTH: The total number of shares of all classes of stock which the Corporation shall be authorized to issue is Eighty Million (130,000,000) shares, of which One Hundred Twenty-Five Million (125,000,000) shall be designated as Common Stock, par value of \$.001 per share, and Five Million (5,000,000) shall be designated as Preferred Stock, par value of \$.001 per share.

FOURTH: This Certificate of Amendment of Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

FIFTH: Pursuant to a resolution of the Board of Directors and in accordance with Section 228 of the Delaware General Corporation Law, a written consent of the stockholders of the Corporation approved the amendment by a vote of the necessary number of shares required by statute.

IN WITNESS WHEREOF, the undersigned affirms that the statements made herein are true under the penalties of perjury, this day
of 2008.

Name:

Title:

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APPENDIX B

AUDIT COMMITTEE CHARTER

OF

TITAN PHARMACEUTICALS, INC.

MISSION STATEMENT

The Audit Committee of Titan Pharmaceuticals, Inc. (the Company) has been established by the board of directors of the Company (the Board) to assist the Board in fulfilling its responsibilities to oversee the Company's financial and accounting operations. The Audit Committee will review and be responsible for, among other things, the Company's system of internal controls, its financial reporting process, the audit process, and the Company's processes for monitoring compliance with laws and regulations. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, the Company's internal auditors, and the independent auditors. The Audit Committee will confirm with the independent auditor its understanding that it has access to the Audit Committee at any time.

ORGANIZATION AND MEETINGS

Audit Committee Composition

The Audit Committee shall consist of such number of members as the Board shall determine, but in no event less than three members. The Board shall designate one member of the Audit Committee to be the Chairperson. Each member of the Audit Committee must be independent, as defined under applicable Securities and Exchange Commission (SEC) and stock exchange rules and regulations as they currently exist and as they may be amended from time to time.

Each member must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement or, if and so long as permitted under applicable stock exchange rules, become able to do so within a reasonable period of time after his or her appointment to the Audit Committee. Audit Committee members shall have such other qualifications as the Board may from time to time deem appropriate in light of the mission of the Audit Committee.

At least one member of the Audit Committee shall qualify as an audit committee financial expert in compliance with the requirements established under applicable SEC and stock exchange laws and regulations as they currently exist and as they may be amended from time to time.

Notwithstanding anything to the contrary in this charter, if permitted by applicable SEC and stock exchange laws and regulations in effect from time to time, one director who (i) is not independent as defined under applicable stock exchange rules, and (ii) is not a current employee or an immediate family member (as defined under applicable stock exchange rules) of such employee, may be appointed to the Audit Committee if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required in the best interests of the Company and its stockholders. In such event, the Board will disclose in the Company's next annual proxy statement the nature of that director's relationship with the Company and the reasons for that determination.

If the Company fails to comply with the Audit Committee composition requirements under applicable SEC and stock exchange rules and regulations, the Company shall have an opportunity to cure such defect as provided under such rules.

Term; Meetings

The Committee shall meet at least quarterly, or more frequently as it deems appropriate and as circumstances dictate. Any member of the Committee may call a special meeting of the Committee. Meetings of the Committee may be held telephonically.

The Committee shall periodically meet with each of management (including the Chief Financial Officer) and the independent auditors (including the audit engagement partner) in separate executive sessions to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. In addition, the Committee expects to meet with the independent auditors and management quarterly to review the Company's financial statements.

The Committee may invite to its meetings any director, member of management of the company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

ROLE AND RESPONSIBILITIES

The Committee's primary responsibility is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the independent auditors are responsible for auditing those financial statements. The Committee also recognizes that financial management, as well as the independent auditors, have more time, knowledge and more detailed information on the Company than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work. The Committee shall also perform any other activities consistent with this Charter as the Audit Committee or the Board deems necessary or appropriate or as may be required under applicable SEC and stock exchange rules and regulations in effect from time to time.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services provided that the decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

Corporate Governance

1. Report on its meetings, proceedings and other activities at each regularly scheduled meeting of the Board, to the extent appropriate.
2. Review and reassess the adequacy of this Charter at least annually. Submit changes to this Charter to the Board for approval.
3. Review and approve all transactions with affiliates, related parties, directors and executive officers.
4. Review the procedures for the receipt and retention of, and the response to, complaints received regarding accounting, internal control or auditing matters.
5. Review the procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
6. Review with management and the independent auditors, at least once annually, all correspondence with regulatory authorities and all employees complaints or published reports that raise material issues regarding the financial statements or accounting policies.

Independent Auditors

1. Appoint, compensate, retain and oversee the work of any independent auditor engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of conducting the annual audit of the Company's books and records, preparing or issuing an audit report or performing other audit review or attest services for the Company.

2. Obtain and review, at least once annually, a report by the independent auditors describing (i) their internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review or peer review or by any inquiry or investigation by any governmental or professional authority within the preceding five years, in each case with respect to one or more independent audits carried out by them, (iii) all material steps taken to deal with any such issues and (iv) all relationships between them and the Company.
3. Review annually the independence of the independent auditors by (i) receiving from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company in accordance with Independence Standards Board Standard No. 1, (ii) discuss with the independent auditors all disclosed relationships between the independent accounts and the Company and all other disclosed relationships that may impact the objectivity and independence of the independent auditors and (iii) discussing with management its evaluation of the independence of the independent auditors.
4. Obtain from the independent auditors assurance that the lead audit partner and the audit partner responsible for reviewing the audit have been and will be rotated at least once every five years and each other audit partner has been and will be rotated at least once every seven years, in each case, in accordance with Section 10A of the Securities Exchange Act of 1934, as amended (the Act) and the rules promulgated thereunder.
5. Review and pre-approve, all audit, review or attest services (including comfort letters in connection with securities underwritings and tax services) and all non-audit services to be provided by the independent auditors as permitted by Section 10A of the Exchange Act and the rules promulgated thereunder, and, in connection therewith, the terms of engagement. The Audit Committee may designate one member to approve such non-audit services, but that member must inform the Audit Committee of the approval at the next meeting of the Audit Committee. All such approvals and procedures must be disclosed in periodic reports filed with the SEC.
6. Review and approve all compensation to the independent auditors for all audit and non-audit services.
7. Review regularly with the independent auditors any audit problems or difficulties and management's response, including restrictions on the scope of activities of the independent auditors or access by the independent auditors to requested information, and significant disagreements between the independent auditors and management.
8. Present conclusions with respect to the independent auditors to the Board.

Audits and Accounting

Before the commencement of the annual audit, the Audit Committee will meet with financial management and the independent auditor to review and approve the plan, scope, staffing, fees and timing of the annual audit. The Audit Committee shall:

1. After completion of the audit of the financial statements, review with management and the independent auditors the results of the audit, the audit report, the management letter relating to the audit report, all significant questions (resolved or unresolved) that arose and all significant difficulties that were encountered during the audit, the disposition of all audit adjustments identified by the independent auditors, all significant financial reporting issues encountered and judgments made during the course of the audit (including the effect of different assumptions and estimates on the financial statements) and the cooperation afforded or limitations (including restrictions on scope or access), if any, imposed by management on the conduct of the audit.
2. Review, prior to filing, all annual reports on Form 10-K and all quarterly reports on Form 10-Q, to be filed with the SEC. Discuss with management and the independent auditors, where practicable, prior to filing, the financial statements (including the notes thereto) and the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.

3. Review with management and the independent auditors, at least annually, (i) all significant accounting estimates, (ii) all significant off balance sheet financing arrangements and their effect on the financial statements, (iii) all significant valuation allowances and liability, restructuring and other reserves, (iv) the effect of regulatory and accounting initiatives, and (v) the adequacy of financial reporting.
4. Review with management and the independent auditors all reports delivered by the independent auditors in accordance with Section 10A(k) of the Securities Exchange Act of 1934 with respect to critical accounting policies and practices used, alternative treatments of financial information available under GAAP and other written communications (including letters under SAS No. 50) between the independent auditors and management, together with their ramifications and the preferred treatment by the independent auditors.
5. Discuss with the independent auditor and management the independent auditor's judgment about the quality, not just the acceptability, of the Company's accounting principles, as applied in the Company's financial reporting in accordance with SAS No. 61.
6. Review and discuss with management and the independent auditors the Company's earnings press releases (paying particular attention to the use of any pro forma or adjusted non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be generally of disclosure and reporting policies. The Committee need not discuss in advance each earnings press release or each instance in which the Company may provide earnings guidance.
7. Prepare the report required by the SEC to be included in the Company's annual proxy statement and any other reports of the Audit Committee required by applicable securities laws or stock exchange listing requirements or rules.

Monitoring of Internal Controls Systems

1. Meet separately in executive session, at least annually, with the Company's principal accounting officer to discuss:
 - a) the scope of internal accounting and auditing procedures then in effect;
 - b) the Company's means for monitoring compliance by Company personnel with Company policies and procedures and applicable law; and
 - c) the extent to which recommendations made by the principal accounting officer or independent auditor have been implemented.
2. Review, based upon the recommendation of the independent auditors and financial management, the scope and plan of the work to be done by the internal audit group and the responsibilities, budget and staffing needs of the internal audit group.
3. Review on an annual basis the performance of the internal audit group.
4. In consultation with the independent auditors and the internal audit group, the accounting and financial controls, review the adequacy of the Company's internal control structure and procedures designed to insure compliance with laws and regulations, and any special audit steps adopted in light of material deficiencies and controls.

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5. Review (i) the internal control report prepared by management, including management's assessment of the effectiveness of the design and operation of the Company's internal control structure and procedures for financial reporting, as well as the Company's disclosure controls and procedures, with respect to each annual and quarterly report that the Company is required to file under the Securities Exchange Act of 1934 and (ii) the independent auditors' attestation, and report, on the assessment made by management.

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Other

1. Engage and determine funding for independent counsel and other advisors as it determines necessary to carry out its duties.
 2. Conduct any and all investigations it deems necessary or appropriate.
- Adopted: May 27, 2004

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APPENDIX C

Nominating Committee Charter

The Nominating Committee of the Board of Directors of Titan Pharmaceuticals, Inc. (the Board) shall consist of a minimum of three directors, each of which shall meet the independence requirements and standards established from time to time by the American Stock Exchange. The Nominating Committee shall meet at least once a year.

The purpose of the Nominating Committee shall be to assist the Board in identifying qualified individuals to become board members, in determining the composition of the Board and in monitoring a process to assess Board effectiveness.

In furtherance of this purpose, the Nominating Committee shall have the following authority and responsibilities:

1. Make recommendations to the Board regarding the size and composition of the Board, establish procedures for the nomination process and screen and recommend candidates for election to the Board.
2. To review with the Board from time to time the appropriate skills and characteristics required of Board members.
3. To establish and administer a periodic assessment procedure relating to the performance of the Board as a whole and its individual members.

The Nominating Committee shall have the authority to delegate any of its responsibilities to subcommittees as it may deem appropriate in its sole discretion.

The Nominating Committee shall have the authority to retain any search firm engaged to assist in identifying director candidates, and to retain outside counsel and any other advisors as it may deem appropriate in its sole discretion. The Nominating Committee shall have sole authority to approve related fees and retention terms.

The Nominating Committee shall report its actions and recommendations to the Board after each committee meeting.

APPENDIX D

**COMPENSATION COMMITTEE CHARTER
OF
TITAN PHARMACEUTICALS, INC.**

The Compensation Committee of the Board of Directors of Titan Pharmaceuticals, Inc. (the Board) shall consist of a minimum of three directors, each of which shall meet the independence requirements and standards established from time to time by the Securities and Exchange Commission (the SEC) and any such securities exchange on which the Company's securities are listed or quoted for trading, or which directors shall constitute the majority of the directors of the Board meeting the independence requirements and standards established from time to time by the SEC and any such securities exchange on which the Company's securities are listed or quoted for trading (collectively with such other laws, rules and regulations, the Securities Regulations). The members of the Compensation Committee shall serve until their successors are appointed and qualify. The Board shall have the power at any time to remove members of the Compensation Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements. The Board shall designate one member of the Compensation Committee to be the Chairperson. The Compensation Committee shall meet at least once a year.

The purpose of the Compensation Committee shall be to assist the Board in determining the compensation of the Chief Executive Officer (CEO), the Executive Chairman of the Board (Chairman), the Chief Operating Officer, the Chief Financial Officer and other executive officers of the Company (collectively, the Executives) and make recommendations to the Board with respect to the compensation of the non-Executive officers of the Company and the independent directors.

In furtherance of this purpose, the Compensation Committee shall have the following authority and responsibilities:

1. Annually review the Company's corporate goals and objectives relevant to the Executives' compensation; evaluate the Executives' performance in light of such goals and objectives; and, either as a Compensation Committee or, together with the other independent directors (as directed by the Board), determine and approve the Executives' compensation level based on this evaluation. In determining the long-term incentive component of the Executives' compensation, the Compensation Committee will consider the Company's performance, the value of similar incentive awards to the Executives at comparable companies, the awards given to the Executives in past years and any relevant legal requirements and associated guidance of the Securities Regulations.
2. Annually review and make recommendations to the Board with respect to non-Executive officer and independent director compensation to assist the Board in making the final determination as to non-Executive officer and independent director compensation.
3. Attempt to ensure that the Company's compensation program is effective in attracting and retaining key employees, reinforce business strategies and objectives for enhanced stockholder value, and administer the compensation program in a fair and equitable manner consistent with established policies and guidelines.
4. Administer the Company's incentive-compensation plans and equity-based plans, insofar as provided therein.
5. Make recommendations to the Board regarding approval, disapproval, modification, or termination of existing or proposed employee benefit plans.
6. Approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Compensation Committee or Board.
7. Approve the policy for authorizing claims for expenses from the CEO and Chairman.

8. Review and assess the adequacy of this charter annually.

9. Review and approve the compensation disclosure and analysis prepared by the Company's management, as required to be included in the Company's proxy statement or annual report on Form 10-K, Form 10-KSB or equivalent, filed with the SEC.

The Compensation Committee shall have the authority to delegate any of its responsibilities to subcommittees as it may deem appropriate in its sole discretion. The CEO of the Company may not be present during voting or deliberations of the Compensation Committee with respect to his compensation.

Notwithstanding anything to the contrary in this charter, if permitted by applicable Securities Regulations in effect from time to time, one director who (i) is not independent as defined under applicable stock exchange rules, and (ii) is not a current employee or an immediate family member (as defined under applicable stock exchange rules) of such employee, may be appointed to the Compensation Committee if the Board, under exceptional and limited circumstances, determines that membership on the Compensation Committee by the individual is required in the best interests of the Company and its stockholders. In such event, the Board will disclose in the Company's next annual proxy statement (or in its next annual report on SEC Form 10-K, 10-KSB or equivalent if the Company does not file an annual proxy statement), subsequent to such determination, the nature of that director's relationship with the Company and the reasons for that determination. A member appointed under this exception may not serve longer than two years.

The Compensation Committee shall have the authority to retain outside counsel and any other advisors as it may deem appropriate in its sole discretion. The Compensation Committee shall have sole authority to approve related fees and retention terms.

The Compensation Committee shall report its actions and recommendations to the Board after each committee meeting.

Adopted: March 26, 2008.

