

FORM 4

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

OMB APPROVAL
 OMB Number: 3235-0287
 Estimated average burden
 hours per response... 0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the
 Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * PEQUOT CAPITAL MANAGEMENT INC			2. Issuer Name and Ticker or Trading Symbol THRESHOLD PHARMACEUTICALS INC [THLD]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director ____ 10% Owner ____ Officer (give title below) <input checked="" type="checkbox"/> Other (specify below)		
(Last) 500 NYALA FARM ROAD	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 09/27/2006			See Footnote 1		
(Street) WESTPORT, CT 06880			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing(Check Applicable Line) ____ Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person		
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
 (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Option (Right-to-buy)	\$ 2.5	09/27/2006		A		15,000	(2) (3)	(3)	05/19/2015(3)	Common Stock	15,000 (2) (3)	(3)	15,000 (2) (3)	I (2)	Investment Advisor (1)
Stock Option (Right-to-buy)	\$ 2.5	09/27/2006		A		15,000	(2) (4)	(4)	05/24/2016(4)	Common Stock	15,000 (2) (4)	(4)	15,000 (2) (4)	I (2)	Investment Advisor (1)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PEQUOT CAPITAL MANAGEMENT INC 500 NYALA FARM ROAD WESTPORT, CT 06880				See Footnote 1
ENRIGHT PATRICK G 500 NYALA FARM ROAD WESTPORT, CT 06880	X			

Signatures

Aryeh Davis, GC & COO, Pequot Capital Management, Inc.		09/29/2006
Signature of Reporting Person		Date
Patrick G. Enright, Director (1)		09/29/2006

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Pequot Capital Management, Inc. ("Pequot") is an investment advisor registered under Section 203 of the Investment Advisers Act of 1940 and has voting and investment power with respect to securities in its clients' accounts. Pequot disclaims any obligation to file this report, and this report shall not be deemed an admission that Pequot is subject to Section 16 with respect to the

- (1) Issuer of such securities. Patrick G. Enright is an employee of Pequot and serves on the Board of Directors of the Issuer and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest.
- (2) Pequot disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that Pequot is, for the purposes of Section 16 of the Exchange Act or otherwise, the beneficial owner of such securities.

As described in a previous filing, the Issuer cancelled, pursuant to the Issuer's Option Exchange Program (the "Program"), an Option granted to the Reporting Person on May 19, 2005. In
- (3) exchange, the Reporting Person received a replacement option on September 27, 2006 to purchase 15,000 shares of the Issuer's common stock, with an exercise price of \$2.50, and vesting in equal monthly installments until the Issuer's next annual stockholder meeting (the "Replacement Option"), whereby the Replacement Option will become fully vested. The Replacement Option expires on May 19, 2015.
- (4) As described in a previous filing, the Issuer cancelled, pursuant to the Issuer's Option Exchange Program (the "Program"), an Option granted to the Reporting Person on May 25, 2006. In exchange, the Reporting Person received a replacement option on September 27, 2006 to purchase 15,000 shares of the Issuer's common stock, with an exercise price of \$2.50, and vesting in equal monthly installments until the Issuer's next annual stockholder meeting (the "Replacement Option"), whereby the Replacement Option will become fully vested. The Replacement Option expires on May 24, 2016.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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