

FORM 4

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

OMB APPROVAL	
OMB Number:	3235-0287
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

(Print or Type Responses)

1. Name and Address of Reporting Person * THREE ARCH MANAGEMENT III LLC		2. Issuer Name and Ticker or Trading Symbol THRESHOLD PHARMACEUTICALS INC [THLD]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director <input checked="" type="checkbox"/> 10% Owner ____ Officer (give title below) ____ Other (specify below)	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 03/03/2006		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
3200 ALPINE ROAD (Street) PORTOLA VALLEY, CA 94028			4. If Amendment, Date Original Filed (Month/Day/Year)		
(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)	Price			
Common Stock	03/03/2006		S		1,000,000	D	\$ 14.5	2,440,202	I	See footnotes: F1, (1) (2) (3)

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					

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
THREE ARCH MANAGEMENT III LLC 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		
THREE ARCH PARTNERS III LP 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		
WAN MARK A 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		

JAEGER WILFRED E 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028	X	X		
NICHOLSON BARCLAY 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		
THREE ARCH ASSOCIATES III LP 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		

Signatures

/s/ Barclay Nicholson		03/06/2006
<small>**Signature of Reporting Person</small>		<small>Date</small>

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).

Of the Disposed Shares, 948,980 shares are owned directly by Three Arch Partners III, L.P. ("TAP III"), of which Three Arch Management III, L.L.C. ("TAM III") is the (1) General Partner; and 51,020 shares are owned directly by Three Arch Associates III, L.P. ("TAA III") of which TAM III is the General Partner. As such, TAM III may be deemed to share voting and investment powers with respect to the shares directly owned by TAP III and TAA III.

TAM III is the General Partner of TAP III and TAA III, and Mark A. Wan, Wilfred E. Jaeger, and Barclay Nicholson, the managing members of TAM III, may be deemed to (2) share voting and dispositive power over the shares held by TAP III and TAA III. Such persons disclaim beneficial ownership of shares held by TAP III and TAA III, except to the extent of any pecuniary interest therein.

(3) None of the filers on this Form 4 are subject to Section 16 following the sale reported on this Form 4, with the exception of Wilfred E. Jaeger, who remains a director of the Issuer.

Remarks:

Exhibit 24 - Statement Appointing Designated Filer and Authorized Signatories Exhibit 99 - Joint Filer Information

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

STATEMENT APPOINTING DESIGNATED FILER AND AUTHORIZED SIGNATORIES

Barclay Nicholson has signed certain of these documents as Authorized Signatory. Note that copies of the applicable Statement Appointing Designated Filer and Authorized Signatories are already on file with the appropriate agencies.

JOINT FILER INFORMATION

Joint Filer Name:
 Relationship to Issuer:
 Address:
 Designated Filer:
 Date of Event Requiring Statement:
 Issuer Name and Ticker or Trading Symbol:

Three Arch Partners III, L.P.
 10% Owner
 3200 Alpine Road, Portola Valley, CA 94028
 Three Arch Management III, L.L.C.
 03/03/2006
 Threshold Pharmaceuticals, Inc. (THLD)

Signature

Three Arch Partners III, L.P.
 By: Three Arch Management III, L.L.C.
 Its General Partner

By: /s/ Barclay Nicholson
 Barclay Nicholson, Authorized Signatory

Joint Filer Name:
 Relationship to Issuer:
 Address:
 Designated Filer:
 Date of Event Requiring Statement:
 Issuer Name and Ticker or Trading Symbol:

Three Arch Associates III, L.P.
 10% Owner
 3200 Alpine Road, Portola Valley, CA 94028
 Three Arch Management III, L.L.C.
 03/03/2006
 Threshold Pharmaceuticals, Inc. (THLD)

Signature

Three Arch Associates III, L.P.
 By: Three Arch Management III, L.L.C.
 Its General Partner

By: /s/ Barclay Nicholson

Joint Filer Name:
 Relationship to Issuer:
 Address:
 Designated Filer:
 Date of Event Requiring Statement:
 Issuer Name and Ticker or Trading Symbol:

Mark A. Wan
 10% Owner
 3200 Alpine Road, Portola Valley, CA 94028
 Three Arch Management III, L.L.C.
 03/03/2006
 Threshold Pharmaceuticals, Inc. (THLD)

Signature

Mark A. Wan

By: /s/ Barclay Nicholson
 Barclay Nicholson, Authorized Signatory

Joint Filer Name:
 Relationship to Issuer:
 Address:
 Designated Filer:
 Date of Event Requiring Statement:
 Issuer Name and Ticker or Trading Symbol:

Wilfred E. Jaeger
 10% Owner and Director
 3200 Alpine Road, Portola Valley, CA 94028
 Three Arch Management III, L.L.C.
 03/03/2006
 Threshold Pharmaceuticals, Inc. (THLD)

Signature

Wilfred E. Jaeger

By: /s/ Barclay Nicholson
 Barclay Nicholson, Authorized Signatory

Joint Filer Name:
 Relationship to Issuer:
 Address:
 Designated Filer:
 Date of Event Requiring Statement:
 Issuer Name and Ticker or Trading Symbol:

Barclay Nicholson
 10% Owner
 3200 Alpine Road, Portola Valley, CA 94028
 Three Arch Management III, L.L.C.
 03/03/2006
 Threshold Pharmaceuticals, Inc. (THLD)

Signature

Barclay Nicholson

By: /s/ Barclay Nicholson
 Barclay Nicholson, Authorized Signatory