

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

**SCHEDULE TO
TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 1)**

THRESHOLD PHARMACEUTICALS, INC.

(Name of Subject Company (Issuer) and Filing Persons (Offeror))

**Certain Options to Purchase Common Stock under the Threshold Pharmaceuticals, Inc.
2004 Amended and Restated Equity Incentive Plan**
(Title of Class of Securities)

885807107

(CUSIP Number of Class of Securities) (Underlying Common Stock)

**Harold E. Selick, Ph.D.
Chief Executive Officer
Threshold Pharmaceuticals, Inc.
1300 Seaport Boulevard
Redwood City, California 94063
(650) 474-8200**

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person.)

Copies to:
**Sarah A. O'Dowd, Esq.
P. Garth Gartrell, Esq.
Heller Ehrman LLP
275 Middlefield Road
Menlo Park, California 94025
(650) 324-7000**

Calculation of Filing Fee

Transaction Valuation*

\$3,233,340

Amount of Filing Fee

Previously Paid

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 2,343,000 shares of common stock of Threshold Pharmaceuticals, Inc., having an aggregate value of \$3,233,340 as of August 25, 2006, will be exchanged pursuant to this offer. The aggregate value of these options was calculated based on the Black-Scholes option-pricing model.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.

Filing party: Not applicable.
Date filed: Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

This Amendment No. 1 amends and supplements the Tender Offer Statement on Schedule TO (as amended, this "Schedule TO") filed by Threshold Pharmaceuticals, Inc., a Delaware corporation ("Threshold" or the "Company"), with the Securities and Exchange Commission on August 25, 2006. This Schedule TO relates to an offer by Threshold pursuant to which eligible employees, consultants, executive officers and directors have the opportunity to make a one-time election to cancel certain outstanding grants of stock options (the "Current Options") under the Threshold Pharmaceuticals, Inc. 2004 Amended and Restated Equity Incentive Plan (the "Plan") for an equal number of new unvested options to be granted under the Plan after the date of cancellation of the Current Options (the "Replacement Options"). The Replacement Options are subject to terms and conditions set forth in the Option Exchange Program Tender Offer Statement dated August 25, 2006 that was filed as an exhibit to the Schedule TO and the Addendum to Option Exchange Program Tender Offer Statement dated August 25, 2006 (the "Addendum"), copies of which have been filed as exhibits to this Schedule TO.

Item 1. Summary Term Sheet.

The information set forth under "Summary Term Sheet" in the Option Exchange Program Tender Offer Statement dated August 25, 2006 (the "Offer to Exchange"), attached hereto as Exhibit (a)(2), and the Addendum, attached hereto as Exhibit (a)(13), are incorporated herein by reference.

Item 2. Subject Company Information.

(a) The name of the issuer is Threshold Pharmaceuticals, Inc., a Delaware corporation (the "Company"), the address of its principal executive offices is 1300 Seaport Boulevard, Redwood City, California 94063, and its telephone number is (650) 474-8200.

(b) This Tender Offer Statement on Schedule TO relates to an offer by the Company to Eligible Persons, as defined in the Offer to Exchange, to exchange certain options to purchase shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), granted after February 9, 2005 that are currently outstanding (the "Eligible Options") under the Threshold Pharmaceuticals, Inc. 2004 Amended and Restated Equity Incentive Plan (the "Plan").

In exchange for the Eligible Options, tendering option holders will receive new options (the "Replacement Options") to purchase shares of Common Stock. The Replacement Options will be issued under the Plan, upon the terms and subject to the conditions described in the Offer to Exchange and the related Form of Letter of Transmittal attached hereto as Exhibit (a)(4) (the "Letter of Transmittal," and together with the Offer to Exchange, as they may be amended or supplemented from time to time, the "Offer"). As of August 25, 2006, Eligible Options to purchase 2,343,000 shares of Common Stock were outstanding under the Plan.

The information set forth in the Offer to Exchange under Section 1 "Eligible Persons", Section 2 "Number of Options; Expiration Date", Section 6 "Acceptance of Options for Exchange and Issuance of Replacement Options" and Section 8 "Source and Amount of Consideration; Terms of Replacement Options" is incorporated herein by reference. The information set forth in the Addendum is incorporated herein by reference.

(c) The information set forth in the Offer to Exchange under Section 7 "Price Range of Common Stock Underlying the Options" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

The Company is the filing person. The information set forth under Item 2(a) above is incorporated herein by reference. The information set forth in the Offer to Exchange under Section 10 "Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock" is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) The information set forth in the Offer to Exchange under "Summary of Terms," Section 1 "Eligible Persons", Section 2 "Number of Options; Expiration Date", Section 4 "Procedures for Participating in the Offer", Section 5 "Withdrawal Rights", Section 6 "Acceptance of Options for Exchange and Issuance of Replacement Options", Section 8 "Source and Amount of Consideration; Terms of Replacement Options", Section 11 "Status of Options Acquired by Us in this Offer; Accounting Consequences of this Offer", Section 12 "Legal Matters; Regulatory Approvals", Section 13 "Material U.S. Federal Income Tax Consequences", Section 14 "Extension of Offer; Termination; Amendment", and Schedule A "Conditions of this Offer" is incorporated herein by reference. The information set forth in the Addendum is incorporated herein by reference.

(b) Members of the Company's Board of Directors and its executive officers listed under Section 10 "Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock" of the Offer to Exchange are eligible to participate in the Offer. The information set forth in the Offer to Exchange under Section 10 "Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock" is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Arrangements.

(c) The information set forth in the Offer to Exchange under Section 10 "Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock" is incorporated herein by reference. The Plan pursuant to which the Eligible Options have been granted is filed herewith as Exhibit (d)(1) and is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) The information set forth in the Offer to Exchange under Section 3 "Purpose of this Offer" is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 6 "Acceptance of Options for Exchange and Issuance of Replacement Options" and Section 11 "Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer" is incorporated herein by reference.

(c) Not applicable.

Item 7. Source and Amount of Funds or Other Consideration.

(a) The information set forth in the Offer to Exchange under Section 8 “Source and Amount of Consideration; Terms of Replacement Options” and Section 15 “Fees and Expenses” is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Schedule A “Conditions of this Offer” is incorporated herein by reference.

(d) Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) The information set forth under Section 10 “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock” of the Offer to Exchange attached hereto is incorporated herein by reference.

(b) The information set forth under Section 10 “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock” of the Offer to Exchange attached hereto is incorporated herein by reference.

Item 9. Person/Assets, Retained, Employed, Compensated or Used.

(a) Not applicable.

Item 10. Financial Statements.

(a) The information set forth in the Offer to Exchange under Section 9 “Information About Threshold Pharmaceuticals, Inc.” and Section 16 “Additional Information,” Item 8 of the Company’s Annual Report on Form 10-K for its fiscal year ended December 31, 2005, filed with the Securities and Exchange Commission on March 28, 2006, and Item 1 of the Company’s Quarterly Reports on Form 10-Q for its fiscal quarters ended March 31, 2006 and June 30, 2006, filed with the Securities and Exchange Commission on May 15, 2006 and August 10, 2006 respectively, are incorporated herein by reference. Copies of the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q have been included with the Offer to Exchange. A copy of the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q can be accessed electronically on the Securities and Exchange Commission’s website at www.sec.gov.

(b) Not applicable.

Item 11. Additional Information.

(a) The information set forth under Section 10 “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Current Options and Our Common Stock” and Section 12 “Legal Matters; Regulatory Approvals” of the Offer to Exchange is incorporated herein by reference.

(b) Not applicable.

Item 12. Exhibits.

(a)(1) Form of Letter Accompanying Distribution of the Offer.*

(a)(2) Offer to Exchange, dated August 25, 2006.*

(a)(3) Question and Answer Document for Employees, Consultants, Directors and Executive Officers of Threshold Pharmaceuticals, Inc.*

(a)(4) Form of Letter of Transmittal.*

(a)(5) Form of Email Confirmation of Receipt of Letter of Transmittal.*

(a)(6) Form of Letter of Withdrawal.*

(a)(7) Form of Email to Eligible Option Holders.*

(a)(8) Form of Email Communication Reporting Results to Tendering Option Holders.*

(a)(9) Threshold Pharmaceuticals, Inc. Annual Report on Form 10-K for its fiscal year ended December 31, 2005, filed with the Securities and Exchange Commission on March 28, 2006 and incorporated herein by reference.

(a)(10) Threshold Pharmaceuticals, Inc. Quarterly Report on Form 10-Q for its quarter ended March 31, 2006, filed with the Securities and Exchange Commission on May 15, 2006 and incorporated herein by reference.

(a)(11) Threshold Pharmaceuticals, Inc. Quarterly Report on Form 10-Q for its quarter ended June 30, 2006, filed with the Securities and Exchange Commission on August 10, 2006 and incorporated herein by reference.

(a)(12) Form of Email to Eligible Option Holders dated August 25, 2006.*

(a)(13) Addendum to Option Exchange Program Tender Offer Statement dated August 25, 2006.

(b) Not applicable.

(d)(1) Threshold Pharmaceuticals, Inc. 2004 Amended and Restated Equity Incentive Plan and form of Option Agreement thereunder, filed as Exhibit 10.20 to Threshold Pharmaceuticals, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on May 24, 2005 and incorporated herein by reference.

(g) Not applicable.

(h) Not applicable.

* Previously filed.

Item 13. Information Required by Schedule 13E-3.

(a) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Threshold Pharmaceuticals, Inc.

By: /s/ Michael S. Ostrach
Michael S. Ostrach, J.D.
Chief Operating Officer and General Counsel

Date: September 13, 2006

INDEX TO EXHIBITS

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- (g) Not applicable.
- (h) Not applicable.

* Previously filed.

**ADDENDUM TO
THRESHOLD PHARMACEUTICALS, INC.
OPTION EXCHANGE PROGRAM
TENDER OFFER STATEMENT
“OFFER TO EXCHANGE”
Dated September 13, 2006**

This Addendum amends and supplements the Threshold Pharmaceuticals, Inc. Option Exchange Program Tender Offer Statement dated August 25, 2006 and related documents (the “Offer”) pursuant to which eligible employees, consultants, executive officers and directors have the opportunity to make a one-time election to cancel certain outstanding grants of stock options (the “Current Options”) under the Threshold Pharmaceuticals, Inc. 2004 Amended and Restated Equity Incentive Plan (the “Plan”) for an equal number of new invested options to be granted under the Plan after the date of cancellation of the Current Options (the “Replacement Options”). We have included page references to the Offer indicating where information has been updated and/or superseded.

- We will grant the Replacement Options promptly after the Expiration Date to eligible persons who elect to exchange their Current Options in accordance with the terms and conditions of the Offer. (Page 11)
- Subject to our rights to extend, terminate and amend this Offer, we currently expect that we will accept all properly tendered options that have not been validly withdrawn upon expiration of the Offer. (Page 11)
- The table below sets forth, for the quarter ended June 30, 2006, the high and low sales prices for Threshold’s common stock as reported by the NASDAQ Global Market. (Page 12)

<u>High</u>	<u>Low</u>
\$ 16.98	\$3.00

- We recommend that, in addition to this Addendum and the Offer, you review the following materials that we have filed with the Securities and Exchange Commission before making a decision on whether to elect to exchange your options:
 - (a) Threshold Pharmaceuticals, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2005, filed with the Securities and Exchange Commission on March 28, 2006 and a copy of which was included with the Offer.
 - (b) Threshold Pharmaceuticals, Inc.’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006, filed with the Securities and Exchange Commission on May 15, 2006 and August 10, 2006, respectively, and copies of which were included with the Offer.
 - (c) Threshold Pharmaceuticals, Inc.’s Current Reports on Form 8-K filed with the Securities and Exchange Commission on February 9, 2006, March 17, 2006, April 4, 2006, May 12, 2006, July 17, 2006 and August 9, 2006.
 - (d) Threshold Pharmaceuticals, Inc.’s Registration Statements on Form S-8 (File Nos. 333-126276 and 333-134598) (registering shares to be issued under the Amended and Restated 2004 Equity Incentive Plan), filed with the Securities and Exchange Commission on June 30, 2005 and May 31, 2006, respectively.
 - (e) The description of Threshold Pharmaceuticals, Inc.’s common stock, par value \$0.001 per share, set forth in Threshold Pharmaceuticals, Inc.’s registration statements filed pursuant to Section 12 of the Securities Exchange Act of 1934, and any amendment or report filed for the purpose of updating such descriptions.

Each of the above is incorporated by reference into this Addendum, the Offer and the Schedule TO filed by us with the Securities and Exchange Commission on August 25, 2006. Each of the above can be accessed electronically on the Securities and Exchange Commission's website at www.sec.gov. (Page 18)

Notwithstanding any other provision of the Offer, we will not be required to accept any options tendered for exchange, and we may terminate or amend the Offer, or postpone our acceptance and cancellation of any options tendered for exchange, in each case subject to certain limitations and our reasonable discretion, if at any time on or after August 25, 2006 and prior to the Expiration Date, any of the following events has occurred or has been determined by us to have occurred (provided, however, that any act or omission to act by us or the occurrence of circumstances within our control cannot be a condition affecting the completion of the Offer):

(a) there shall have been threatened or instituted or be pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of this Offer, the acquisition of some or all of the options elected for exchange pursuant to the Offer or the issuance of Replacement Options, or otherwise relates in any manner to the Offer or that, in our reasonable judgment, could materially and adversely affect the business, condition, income, operations or prospects of Threshold or materially and adversely impair the contemplated benefits of the Offer to us;

(b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or us, by any court or any authority, agency or tribunal that would or is likely to:

(i) make the acceptance for exchange of, or issuance of Replacement Options for, some or all of the options tendered for exchange illegal or otherwise restrict or prohibit consummation of the Offer;

(ii) delay or restrict our ability, or render us unable, to accept for exchange or issue Replacement Options for some or all of the options tendered for exchange; or

(iii) materially and adversely affect the business, condition, income, operations or prospects of Threshold;

(c) there shall have occurred:

(i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;

(ii) the declaration of a banking moratorium or any suspension payments in respect of banks in the United States, whether or not mandatory;

(iii) the commencement or escalation of a war, armed hostilities or other international or national crisis, directly or indirectly involving the United States, including acts of terrorism, the wars in Iraq and Afghanistan and the global war on terrorism;

(iv) the occurrence of a major earthquake or natural disaster affecting Northern California;

(v) any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority that affects the extension of credit by banks or other lending institutions in the United States;

(vi) any decrease of greater than 50% of the market price of the shares of our common stock or any change in the geopolitical, political, market, economic or financial conditions in the United States or abroad that is likely to have a material adverse effect on the business, condition, income, operations or prospects of Threshold. or on the trading in our common stock;

(vii) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or

(viii) any decline in either the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Companies by an amount in excess of 10% measured during any time period after the close of business on August 25, 2006;

(d) there shall have occurred any change in generally accepted accounting standards which could or would require us for financial reporting purposes to record more compensation expense than initially anticipated against our earnings in connection with the Offer; or

(e) the commencement a tender or exchange offer with respect to some or all of our common stock, or a merger or acquisition proposal concerning Threshold, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed, or we shall have learned that:

(i) any person, entity or group within the meaning of Section 13(d)(3) of the Securities Exchange Act, shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than 5% of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission on or before September 25, 2006;

(ii) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission on or before September 25, 2006 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of our common stock; or

(iii) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement reflecting an intent to acquire us or any of the assets or securities of us.

The conditions to this Offer are for our benefit. We may assert them in our sole discretion, provided, however, that any act or omission to act by us or the occurrence of circumstances within our control cannot be a condition affecting the completion of the Offer. We may waive them, in whole or in part, at any time and from time to time prior to the Expiration Date, in our discretion, whether or not we waive any other condition to this Offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights; provided, however, that our acceptance of options tendered for exchange pursuant to this Offer shall constitute a waiver of the occurrence of a condition specified above. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. When a condition refers to an impairment of the benefits of the Offer to us, an impairment includes a decrease in our ability to incentivize employees, consultants, executive officers and directors to continue their service to us and a decrease in our ability to minimize potential dilution to our stockholders. (Page 21)

- Please review this Addendum in conjunction with the Offer and the other related offering documents. Where disclosure in this Addendum conflicts with the disclosure in the Offer or other related offering documents, the disclosure in this Addendum governs.
- You should direct questions about this Addendum, the Offer or any other document related to the Offer, or requests for assistance, to Threshold's Chief Operating Officer, Michael S. Ostrach, via e-mail, at mostrach@thresholdpharm.com or by telephone at (650) 474-8200.

September 13, 2006

Confidential For Use of the Commission Only

Via EDGAR and Federal Express

Michael Pressman
Office of Mergers & Acquisitions
Securities and Exchange Commission
100 F St., NE
Washington, D.C. 20549

RE: Threshold Pharmaceuticals, Inc.
Schedule TO-I filed August 25, 2006
File No. 5-81377

Dear Mr. Pressman:

On behalf of Threshold Pharmaceuticals, Inc. ("Threshold"), this letter responds to the comments of the staff of the Securities and Exchange Commission (the "Staff") set forth in the letter dated September 6, 2006 in connection with the above-referenced Schedule TO (the "Schedule TO") filing. Threshold is concurrently filing an Amendment No. 1 to the Schedule TO (the "Amendment"), which includes as an exhibit thereto an Addendum (the "Addendum") to the Threshold Pharmaceuticals, Inc. Option Exchange Program Tender Offer Statement dated August 25, 2006 that was filed as an exhibit to the Schedule TO.

For your convenience, we are sending a copy of this letter, the Amendment and the Addendum in the traditional, non-EDGAR format. In addition, please find enclosed a letter from Dr. Harold E. Selick, Threshold's Chief Executive Officer, acknowledging on behalf of Threshold certain items that the Staff requested Threshold to acknowledge in connection with the Schedule TO.

Each response below is preceded by the comment in the Staff's letter to which it relates. The pages references correspond to the page numbers in the hard copy of the Amendment submitted to the Staff.

Item 4

1. ***Item 4 of Schedule TO and Item 1004(a)(2) of Regulation M-A require that you describe all material terms of the offer, including the consideration to be given to holders. It is unclear to the Staff how your offer complies with Item 1004(a)(2) of Regulation M-A, Rule 14e-1(b) and the general anti-fraud provisions of Section 14(e). Please advise or substantially expand your disclosure to explain how investors will determine the value they will receive as a result of the offer.***

As a practical matter, it is very likely that the exercise price for the replacement option will be substantially less than the exercise price under the current options. Substantially all of the current options eligible for exchange have exercise prices above \$6.00. The current fair market value of a share of Threshold's is \$2.14 (based on the closing price of Threshold's common stock on September 11, 2006). In addition, Threshold believes that the one day delay between the closing of the offer and the grant of the

replacement options is significantly shorter than the six month delay that used to be commonplace for option repricings prior to the change to the accounting rules for stock-based compensation. Threshold is also constrained by Section 409A of the Internal Revenue Code. Given that it is not really possible to make an option grant prior to the expiration of the offer period, Threshold's only alternative to confidently express an exercise price well before the close of the offering period without risking violating 409A's practical proscription against below market grants would be to offer an exercise price substantially above the likely fair market value range at the expiration of the offering period—a safe approach to avoid problems for the optionee under 409A but potentially setting a high and unnecessarily punitive exercise price. While use of an average price over a trading window is possible under Treasury's proposed 409A regulations, this is true as provided under the proposed regulations only if the price commitment is irrevocable—a requirement that would inappropriately limit Threshold's discretion in the event of the few and unlikely, but potentially important circumstances in which Threshold might need to cancel, postpone or alter the exchange program. Thus, the only alternatives which will both comply with 409A and not assign an unreasonably high exercise price relative to the fair market value on the date of grant is to either make grant right before the close of the offering period or make the grant within the several days thereof. The 2004 Amended and Restated Equity Incentive Plan under which the exchange offer is being conducted has certain fair market value requirements which look to the closing price on the date of the grant (for example, the exercise price must not be less than 85% of the fair market value on the date of grant)—a method of fair value determination which satisfies 409A. Threshold has chosen to make the grant on the second day following expiration of the offer period and on the day after cancellation of the current options for reasons of administrative convenience and precision (for example to avoid any potential arguments over the metaphysics of whether a grant occurred before or after a hypothetical revocation) and under the belief that a one day delay is minimal, does not involve substantially greater uncertainty for most offerees than a price determined at the precise expiration of the offer period.

Item 10

2. ***Pleased be advised the staff considers financial information material to an option holder's investment decision. Accordingly, comply with Item 10 of Schedule T-O. If Threshold intends to incorporate financial information by reference, the summary financial information called for by Instruction 6 to Item 10 of Schedule T-O must be disseminated.***

Threshold respectfully advises the Staff that it disseminated copies of its Form 10-K for the year ended December 31, 2005 and its Form 10-Qs for the quarters ended March 31, 2006 and June 30, 2006 along with the offer documents. Pursuant to our conversation on September 11, 2006, we understand that the Staff has waived this comment.

Acceptance of Options for Exchange and Issuance of Replacement Options, page 11

3. ***We note your statement that you will cancel options "as promptly as practicable" after expiration and that you will grant the replacement options after cancellation of the options accepted for exchange. Please revise your disclosure to reflect that you will grant the new options "promptly" after expiration and not "as promptly as practicable." Refer to Rule 14e-1(c).***

Threshold has complied with the Staff's request. Please see page 1 of the Addendum.

4. ***We note your statement that you "will be deemed to have accepted for exchange options that are validly tendered and not properly withdrawn, when we cancel such options." This statement implies that you may choose to not accept validly tendered options at some point after expiration of the offer. Please revise.***

Threshold has complied with the Staff's request. Please see page 1 of the Addendum.

Price Range of Common Stock Underlying the Options, page 12

5. ***Consider correcting the typographical error in the phrase “Quarter ended June 30, 3006.”***

Threshold has complied with the Staff’s request. Please see page 1 of the Addendum.

Additional Information, page 18

6. ***Please be advised that if you intend to incorporate your previous filings into the Schedule TO, you must state so explicitly.***

Threshold has complied with the Staff’s request. Please see pages 1 and 2 of the Addendum.

Conditions of the Offer, page 21

7. ***We note your statement that you may assert conditions “regardless of the circumstances giving rise thereto. If the circumstances giving rise to the condition are within your control, we believe the offer may be illusory and may constitute a “fraudulent, deceptive or manipulative” practice within the meaning of Section 14(e). We do not believe this concern is adequately addressed by the penultimate sentence on page 22. Please revise your disclosure accordingly.***

Threshold has complied with the Staff’s request. Please see pages 2 and 3 of the Addendum.

8. ***Refer to conditions (b). The statement that an event “might directly or indirectly” have a subsequently listed effect is extremely broad and vaguely drafted. While we have permitted offer conditions premised on the existence of a material adverse change your condition as currently written goes well beyond such a limit. Please revise to more precisely define the scope of this condition. Similarly, condition (b)(iii) appears overly broad.***

Threshold has complied with the Staff’s request. Please see page 2 of the Addendum.

9. ***Refer to condition (c). While we have permitted offer conditions premised on the existence of a material adverse change your condition as currently written goes well beyond such a limit. Please revise to define your conditions with greater specificity. For instance, the USGS estimates that several million earthquakes occur annually.***

Threshold has complied with the Staff’s request. Please see pages 2 and 3 of the Addendum.

10. ***The last paragraph of this section contains language suggesting that once a condition is triggered, you may decide in your reasonable judgment whether it is advisable to proceed with the offer. Please note that when a condition is triggered and an offeror decides to proceed with the offer anyway, we believe that this constitutes a waiver of the triggered condition(s). You may not rely on this language to tacitly waive a condition of the offer by failing to expressly assert it. Please confirm your understanding on a supplemental basis.***

September 13, 2006

Threshold confirms on a supplemental basis that it may not rely on the language cited above to tacitly waive a condition of the offer by failing to expressly assert it.

11. ***We note your statement that your determinations “will be final and binding upon all persons.” Please revise this sentence to more precisely define its scope. It appears that your interpretation of the terms of the tender offer may not necessarily be final and binding on all parties. For example, while you may assert an offer condition when it is triggered, when parties contest asserted conditions, the judgments of courts of law are generally considered final and binding in such matters.***

Threshold has complied with the Staff’s request and removed the sentence. Please see page 3 of the Addendum.

* * *

We appreciate the efforts of the Staff to assist Threshold in resolving the above comments. Please contact the undersigned at (650) 324-7023 if you have any questions regarding the response to the Staff’s comment letter set forth herein.

Sincerely,

/s/ P. Garth Gartrell

P. Garth Gartrell

cc: Michael S. Ostrach, Threshold Pharmaceuticals, Inc.
Sarah A. O’Dowd, Heller Ehrman LLP
K. Amar Murugan, Heller Ehrman LLP



September 13, 2006

Confidential For Use of the Commission Only

Via EDGAR and Federal Express

Michael Pressman
Office of Mergers & Acquisitions
Securities and Exchange Commission
100 F St., NE
Washington, D.C. 20549

RE: Threshold Pharmaceuticals, Inc.
Schedule TO-I filed August 25, 2006
File No. 5-81377

Dear Mr. Pressman:

On behalf of Threshold Pharmaceuticals, Inc. ("Threshold") and as requested by the staff of the Securities and Exchange Commission (the "Staff") in a letter dated September 6, 2006 related to the filing of the above-referenced Schedule TO (the "Schedule TO"), Threshold hereby acknowledges the following:

- Threshold is responsible for the adequacy and accuracy of the disclosure in the filing;
- Staff comments or changes to disclosure in response to staff comments in the filings reviewed by the Staff do not foreclose the Commission from taking any action with respect to the filing; and
- Threshold may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

We appreciate the efforts of the Staff to assist Threshold in connection with the above referenced filing.

Sincerely,

/s/ Harold E. Selick

Harold E. Selick, Ph.D
Chief Executive Officer