

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: October 6, 2009 (October 5, 2009)
(Date of earliest event reported)

THRESHOLD PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32979
(Commission File Number)

94-3409596
(IRS Employer
Identification No.)

**1300 Seaport Boulevard, Suite 500
Redwood City, California 94063**
(Address of principal executive offices)(Zip Code)

(650) 474-8200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02 Unregistered Sales of Equity Securities

On October 5, 2009, Threshold Pharmaceuticals, Inc. (the "Company") completed its previously announced private placement of common stock and warrants (the "Offering"). Investors in the Offering purchased units consisting of one share of common stock and a warrant to purchase 0.4 of a share of common stock at a purchase price of \$1.91, which is equal to the consolidated closing bid price of the common stock as reported on the Nasdaq Capital Market for September 29, 2009, plus \$0.05. The warrants have an exercise price equal to \$2.23 per share, subject to adjustment under certain circumstances, and an expiration date of October 5, 2014. The Company raised gross proceeds of approximately \$35 million and issued approximately 18.3 million shares of common stock and warrants to purchase approximately 7.3 million shares of common stock. The Offering was consummated pursuant to the terms and conditions of that certain securities purchase agreement (the "Purchase Agreement") entered into by the Company on September 29, 2009, with the investors named therein.

In connection with the offering, Federated Kaufmann Fund will have the right to have one designee who is approved by the Company's Board of Directors ("Board") nominated to the Board so long as Federated continues to own a specified percentage of the Company's outstanding common stock, or until such time as this right becomes inconsistent with the rules, regulations and guidance of the Nasdaq Stock Market.

The Offering is exempt from registration pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(2) the Securities Act of 1933, as amended (the "Act"), and Regulation D under the Act. The shares of common stock and warrants offered in the private placement and the shares of common stock issuable upon the exercise of the related warrants have not been registered under the Act or any state securities law, and may not be offered or sold in the United States without being registered with the Securities and Exchange Commission ("SEC") or through an applicable exemption from SEC registration requirements. The shares of common stock and warrants were offered only to accredited investors.

Pursuant to the Purchase Agreement, the Company agreed to file, no later than 30 days after the closing date of the Offering, a registration statement with the SEC registering for resale the shares of common stock offered in the private placement and the shares of common stock issuable upon the exercise of the warrants sold in the Offering. The Company agreed, among other things, to indemnify the selling holders under the registration statement from certain liabilities and to pay all fees and expenses (excluding underwriting discounts and selling commissions and all legal fees of any selling holder) incident to the Company's registration obligations under the Purchase Agreement.

The Company intends to use the proceeds of the Offering for research and development, working capital and general corporate purposes.

Upon the completion of the Offering, the exercise price of all outstanding warrants issued by the Company on August 29, 2008 (the "2008 Warrants") was automatically adjusted from \$2.34 per share to \$1.86 per share, pursuant to the terms of the 2008 Warrants.

Item 8.01 Other Events

On October 6, 2009, the Company issued the press release attached hereto as Exhibit 99.1 regarding the Offering described in this report.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits**

99.1 Press Release dated October 6, 2009



PRESS RELEASE

Contact:

Denise T. Powell
Sr. Director, Corporate Communications
Threshold Pharmaceuticals, Inc.
650-474-8206
dpowell@thresholdpharm.com

THRESHOLD PHARMACEUTICALS COMPLETES \$35 MILLION PRIVATE EQUITY FINANCING

REDWOOD CITY, CA – October 6, 2009 – Threshold Pharmaceuticals, Inc. (Nasdaq: THLD), today announced the completion of its previously announced private placement of common stock and warrants. Investors in the offering purchased units consisting of one share of common stock and a warrant to purchase 0.4 of a share of common stock at a purchase price of \$1.91, which is equal to the consolidated closing bid price of the common stock as reported on the Nasdaq Capital Market for September 29, 2009, plus \$0.05. The warrants have an exercise price equal to \$2.23 per share, subject to adjustment under certain circumstances, and an expiration date of October 5, 2014. The Company raised gross proceeds of approximately \$35 million and issued approximately 18.3 million shares of common stock and warrants to purchase approximately 7.3 million shares of common stock.

The Company intends to use the net proceeds of this private placement for research and development, working capital and general corporate purposes.

MTS Securities, LLC, an affiliate of MTS Health Partners and Reedland Capital Partners, an institutional division of Financial West Group served as co-placement agents in the offering.

"I am pleased that we have been able to complete this financing with some of the highest quality investors doing biotechnology deals today," said Barry Selick, Ph.D., Threshold's chief executive officer. "Response assessments in over 90 solid tumor patients suggest that TH-302 is active in monotherapy and combination therapy, particularly in patients with metastatic melanoma, refractory lung cancer, soft tissue sarcoma, and pancreatic cancer. The proceeds from this financing will enable the company to generate the additional clinical data required to define and undertake the optimal registration strategy for this very promising drug candidate."

The shares and warrants sold in the private placement and the shares issuable upon the exercise of the related warrants have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or state securities laws, and may not be offered or sold in the United States without being registered with the Securities and Exchange Commission ("SEC") or through an applicable exemption from SEC registration requirements. The shares and warrants were offered and sold only to accredited investors. Threshold has agreed to file a registration statement with the SEC covering the resale of the shares issued in the private placement and the shares issuable upon the exercise of the warrants.

1300 Seaport Boulevard, Suite 500, Redwood City, CA 94063 tel: 650.474.8200 fax: 650.474.2529 www.thresholdpharm.com



This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any of the securities referred to in this news release in any state in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state. Any offering of the Company's common stock under the resale registration statement referred to in this news release will be made only by means of a prospectus.

About Threshold Pharmaceuticals

Threshold is a biotechnology company focused on the discovery and development of drugs targeting Tumor Hypoxia, the low oxygen condition found in microenvironments of most solid tumors. This approach offers broad potential to treat most solid tumors. By selectively targeting tumor cells, we are building a pipeline of drugs that hold promise to be more effective and less toxic to healthy tissues than conventional anticancer drugs. For additional information, please visit the website (www.thresholdpharm.com).

Forward-Looking Statements

Except for statements of historical fact, the statements in this press release are forward-looking statements, including statements regarding Threshold's product candidate TH-302 and clinical trial results and anticipated results, potential therapeutic uses and benefits of Threshold's product candidates and financial results, estimates, projections and requirements. These statements involve risks and uncertainties that can cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties include, but are not limited to, Threshold's ability to commence, enroll or complete its anticipated clinical trials, whether such results are confirmed in subsequent trials, the time and expense required to conduct such clinical trials and analyze data, issues arising in the regulatory or manufacturing process, the results of such clinical trials (including product safety issues and efficacy results) and Threshold's ability to attract and retain employees. Further information regarding these and other risks is included under the heading "Risk Factors" in Threshold's Quarterly Report on Form 10-Q, which was filed with the Securities Exchange Commission on August 6, 2009 and is available from the SEC's website (www.sec.gov) and on our website (www.thresholdpharm.com) under the heading "Investors." The forward-looking statements set forth in this news release are valid only as of the date hereof and Threshold undertakes no duty to update any statement made in this news release.

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