

# FORM 4

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

OMB APPROVAL	
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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 * <b>MORGENTHALER PARTNERS VII LP</b>		2. Issuer Name and Ticker or Trading Symbol <b>THRESHOLD PHARMACEUTICALS INC [THLD]</b>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) _____ Director _____ Officer (give title below) <input checked="" type="checkbox"/> 10% Owner _____ Other (specify below)	
(Last) (First) (Middle) <b>50 PUBLIC SQUARE, SUITE 2700</b>		3. Date of Earliest Transaction (Month/Day/Year) <b>03/02/2006</b>			
(Street) <b>CLEVELAND, OH 44113</b>		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)	Price			
Common Stock	03/02/2006	03/02/2006	J(1)		1,150,000	D	\$ 15.016	1,122,345	I	See Footnote (2)

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
MORGENTHALER PARTNERS VII LP 50 PUBLIC SQUARE SUITE 2700 CLEVELAND, OH 44113		X		
Christoffersen Ralph E 4430 ARAPAHOE AVENUE SUITE 200 BOULDER, CO 80303				Former Director See Footnote 2

## Signatures

Theodore A. Laufik	03/02/2006
Signature of Reporting Person	Date

## 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).

(1) Distributed to the partners of Morgenthaler Partners VII, L.P.

The shares are held by Morgenthaler Partners VII, LP (MPVII). Ralph E. Christoffersen, was a director of Threshold Pharmaceuticals, Inc., until he resigned from the Board of Directors December 20, 2005, and is a Partner of Morgenthaler Management Partners VII, LLC (MMPVII), the managing partner of MPVII. Dr. Christoffersen shares voting power over the shares with other members of MMPVII. The natural persons who have voting or investment power over the shares held of record of MPVII are Robert

(2) C. Bellas, Jr., Greg E. Blonder, James W. Broderick, Ralph E. Christoffersen, Andrew S. Lanza, Theodore A. Laufik, Paul H. Levine, Gary R. Little, John D. Lutsi, Gary J. Morgenthaler, Robert D. Pavey, G. Gary Shaffer and Peter G. Taft. Dr. Christoffersen disclaims beneficial ownership of the shares held by MPVII except to the extent of his pecuniary interest therein.

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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